Newfoundland Labrador

The Economy 2010

The Right Investments

For Our Children and Our Future

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By the tunnel in Brigus (Dept. of Finance)

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Highlights and Expectations

Cupids (Dept. of Finance)

2009 Highlights

2009 was a difficult year for most economies throughout the world and Newfoundland and Labrador also felt the impacts of the global recession. Real Gross Domestic Product (GDP) in the province fell 8.9% as a result of a decline in real exports, predominantly the result of natural declines in oil production.

Employment declined 2.5% to 214,900 due to the negative impact of the recession on many resource industries with an associated increase in the unemployment rate to 15.5%.

Personal income grew 3.9%, supported by increases in the minimum wage and general wage gains. Personal disposable income grew 4.7%, aided by provincial and federal tax measures.

Retail sales expanded 2.6% to $7.2 billion, driven by income gains and solid consumer confidence. Newfoundland and Labrador recorded the strongest retail sales growth among the provinces in 2009.

The province's population stood at 508,925 as of July 1, 2009, an increase of 0.5% compared with July 1, 2008. This was the largest increase in the population since 1983.

Inflation averaged only 0.3% in 2009, impacted considerably by lower energy prices.

Capital investment was $5.0 billion in 2009, on par with last year and high in a historical context.

Housing activity remained robust in 2009. Residential construction investment increased 11.4% to $1.5 billion with increases in both new and renovation expenditures. New dwelling investment increased with associated housing starts of 3,057 units. Residential sales, while dipping from record highs in 2008, remained strong and home prices increased.

Offshore oil production decreased to 97.7 million barrels, mainly due to natural production declines. The value of oil production dropped to $6.6 billion due to lower production and a decline in crude prices—Brent prices dropped from US$96.94 per barrel in 2008 to US$61.74 per barrel in 2009.

The value of manufacturing shipments declined to $4.4 billion mainly due to lower values for refined petroleum, fish products and newsprint.

The volume of fish landings declined 8.5% in 2009, while the value decreased by 19.2%. The recession put downward pressure on prices for many species and reduced fishing activity.

Newsprint shipments declined to 264,500 tonnes impacted by the closure of the mill in Grand Falls-Windsor and production cutbacks at the Corner Brook mill. Shipment value decreased 56.5% because of lower prices and production.

The value of mineral shipments decreased about 50% to $1.9 billion due mainly to lower production and prices for iron ore and nickel.

The construction phase of the US$2.8 billion nickel processing plant in Long Harbour began in April 2009.

Mineral exploration expenditures declined from $146 million in 2008 to $58 million in 2009.

Despite the global recession, the number of travel and tourism visitors to the province increased 0.7% to 483,200 and expenditures grew 1.4% to $375 million.

2010 Expectations

Real GDP is forecast to increase 4.0% in 2010 as an anticipated rebound in mineral exports and increased construction activity on major projects more than offset a natural decline in oil production.

Several private sector forecasters expect Newfoundland and Labrador to lead the country in growth in 2010.

Employment is expected to grow 2.3% to average 219,900 and the unemployment rate is forecast to decline 0.6 percentage points to 14.9%.

Personal income and disposable income are expected to grow 3.9% and 3.3%, respectively, both aided by wage gains and employment growth.

Retail sales are expected to increase 5.0%, reflecting employment and income growth as well as high levels of consumer confidence.

Population is expected to increase 0.5% as positive net migration continues.

Inflation is expected to be 2.2%, up 1.9 percentage points from 2009.

Capital investment is expected to rise 23%, driven mainly by expenditures in the oil and gas industry and on Vale Inco's nickel processing facility. The province is expected to lead the country in investment growth in 2010.

Housing starts are expected to increase 1.5% to 3,102. Residential construction spending is expected to increase 3.5% to $1.55 billion.

The residential real estate market is expected to stay strong. The province is expected to lead the country in residential price growth.

Offshore oil production is expected to decline to 86.4 million barrels, due to lower production at all three producing fields. First oil from North Amethyst—the first of three White Rose satellite developments—is expected in the second quarter of 2010.

Development of the Hebron oil field will continue to be advanced and a Development Plan Application is expected to be submitted in late 2010.

ExxonMobil, the operator of the Hebron Project, is currently evaluating bids and will award the contract to build the topsides modules during 2010.

The value of mineral shipments is expected to increase about 60% to $3.1 billion as a result of higher production volumes and prices for iron ore, nickel and copper.

Mineral exploration expenditures are expected to increase to $59 million.

Newsprint shipments are expected to decrease about 10% to 238,000 tonnes due to the closure of the Grand Falls-Windsor mill in early 2009 and the idling of a paper machine at Corner Brook.

Fish landings are expected to be on par with 2009 levels. Improvement in market prices will largely depend on the strength of the global economic recovery.

Aquaculture production is expected to continue to see growth in 2010, driven mainly by growth in Atlantic salmon and steelhead trout production.

The latest outlook from the Conference Board of Canada predicts total overnight tourist visits to the province to increase 1.3%.

Global Economic Environment

World Bank Headquarters in Washington, D.C.

The World

The global recession that began in late 2008 hit a trough in the spring of 2009. In the first quarter of last year the United States, the Euro Area, the United Kingdom, Germany and Japan all experienced significant quarter-to-quarter declines in Gross Domestic Product (GDP).

The most tangible effects of the recession were felt in employment and global trade, both of which dropped sharply as consumer demand in developed nations slowed. The unemployment rates in 2009 were over 7.5% for all major developed economies except Australia (the only developed nation that did not technically slip into a recession) and Japan. Employment in these two nations was shielded from the full effects of the recession due to strong trade ties with China. As job opportunities diminished, consumer spending and global trade declined. International Monetary Fund (IMF) statistics show that most major developing and developed economies experienced year-over-year declines in both imports and exports, ranging from 10%–40% in the first three quarters of 2009.

In China and India the global recession caused a brief slowdown in economic

World Real GDP Growth (%)

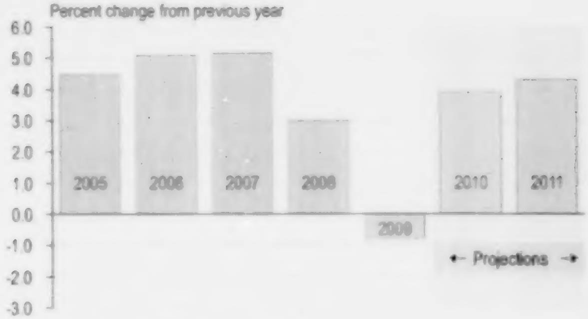
	2009	2010f
World	-0.8	3.9
Canada*	-2.6	2.9
China	8.7	10.0
France	-2.3	1.4
Germany	-4.8	1.5
India	5.6	7.7
Italy	-4.8	1.0
Japan	-5.3	1.7
Russia	-9.0	3.6
Spain	-3.6	-0.6
United Kingdom	-4.8	1.3
United States**	-2.4	3.0
Euro Area	-3.9	1.0

f: forecast
Source: International Monetary Fund unless otherwise indicated

* Statistics Canada for 2009; average of major Canadian banks for 2010

** U.S. Federal Reserve Bank of St. Louis for 2009; Survey of Professional Forecasters, U.S. Federal Reserve Bank of Philadelphia for 2010

World Real GDP Growth
2005-2011



Source: International Monetary Fund

activity, but GDP growth remained positive throughout 2008 and 2009. China grew by 8.7% in 2009, while India experienced growth of 5.6%. These economies kept growing due to the combination of strong internal economic growth and significant fiscal stimulus programs in response to evolving global economic conditions. As the third (China) and 12th (India) largest economies in the world, this positive growth provided a counterweight to the global recession. Ongoing economic strength in these countries is expected to help propel international recovery in 2010. The IMF projects 10% growth in China and 7.7% in India during 2010.

As 2009 progressed, growth in China and India combined with massive fiscal and monetary stimulus measures around the world began producing positive economic indicators in the developed world. Japan, Germany and France all showed unexpected positive GDP growth in the second quarter of the year, and by the third quarter the only major economy not showing positive growth was the United Kingdom. In 2009, the global economy shrank by 0.8% as sharp losses early in the year were too substantial to be offset by gains later in the year. The IMF forecasts world GDP to climb 3.9% in 2010.

Widespread growth in the second half of 2009 indicates a recovery is underway. The recovery has been aided by government stimulative fiscal and monetary policy, which will not continue indefinitely. These policies have led to large government deficits that will have to be addressed as economies recover. The easing of fiscal and monetary stimulus measures, while not dampening the recovery, will be a challenge for governments. This being said, governments around the world are under considerable pressure to put their financial houses in order. The government in Greece has serious debt and deficit issues and is under significant pressure from bond markets, which are also growing wary of the fiscal situations in Spain, Portugal and Ireland. The U.S. deficit for 2010 is projected at $1.3 trillion, only slightly lower than 2009's, which represented the highest deficit-to-GDP ratio since World War II. In China, loose monetary policy is starting to be reined in due to fears of emerging asset bubbles. These factors point to economic uncertainty in the coming quarters. The recovery, if sustainable, may be long and drawn out.

United States

In 2009, U.S. GDP fell 2.4%. The economy lost 3.9 million jobs during 2009, which saw the unemployment rate climb from 7.7% in January to 10.1% in October. However, recent U.S. indicators suggest that the worst economic decline since the 1930s may be over. GDP in the third and fourth quarters of 2009 grew at annualized rates of 2.2% and 5.9%, respectively (see chart). Labour

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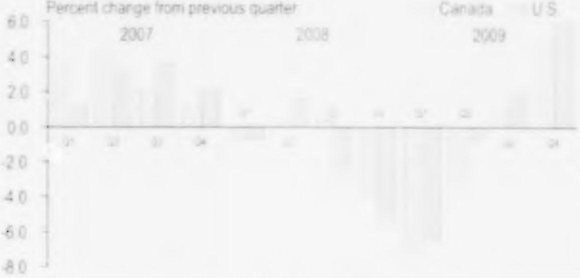
Quarterly Annualized Real GDP Growth
2007-2009



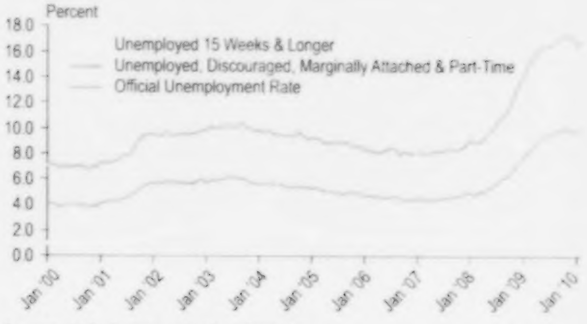
Source: Statistics Canada, U.S. Bureau of Economic Analysis

markets also seem to be stabilizing as the U.S. unemployment rate has fallen from a peak of 10.1% in October 2009 to 9.7% in February 2010. Even housing, the market most devastated by the recession, is showing signs of stabilization. Mortgage delinquencies declined in the fourth quarter of 2009 for the first time in 10 quarters and so far in 2010 annualized home starts are outpacing last year's levels. As well, existing home sales for 2009 were up 4.9% over 2008. These positive trends are reflected in the U.S. Conference Board's Leading Economic Index, which rose steadily through 2009.

As expected, the recession played havoc with stock markets. All three major U.S. markets fell dramatically into early March 2009, having already declined by 35%–40% over the 12-month period ending January 2009. However, since March the Dow Jones Industrial Average has climbed by approximately 62%, the S&P 500 Index by 70% and the NASDAQ Composite by 87%. Even with these improvements these markets are, on average, 23% below their 2007 highs.

U.S. Labour Force Underutilization

Unemployment Rates
Jan 2000-Feb 2010



Source: U.S. Bureau of Labor Statistics

The recent recession has been reflected in U.S. labour markets, with the official unemployment rate reaching 10% for the first time since 1983. A broader measure of U.S. labour underutilization (those who are unemployed, discouraged workers, part-time workers and marginally attached to the workforce as a percentage of the sum of the labour force, discouraged workers and marginally attached workers) suggests the percentage of underutilized labour has increased from nearly 9% prior to the recession to almost 17% late last year.

Another troubling trend is the rise in the long-term unemployment rate (unemployed 15 weeks and longer). This rate has more than tripled from 1.6% to 5.8% since the recession officially began in December 2007. The previous peak for this rate was 4.2% in 1983, at the end of the recession that occurred in the early 1980s. These trends in alternative measures of unemployment have some economists saying that the U.S. labour market situation is even worse than the official unemployment rate suggests.

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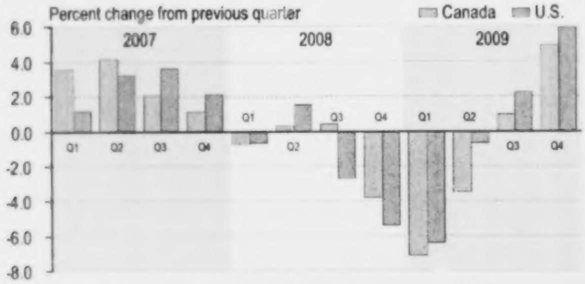

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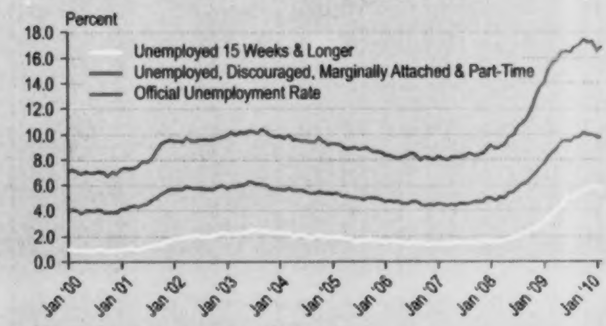

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A strong U.S. recovery in 2010 will be largely dependent on consumer demand. Estimates of the impact of consumption on the American economy range from 60%–70% of GDP. Consumer spending was steady throughout 2009 and in January 2010 was at its highest level since May 2008. This bodes well for economic prospects in 2010. On the downside, however, there are uncertainties regarding the sustainability of these consumption levels. Since the recession began in December 2007, total personal income in the U.S. has fallen 2.5% even as disposable income has grown by 1.2%. The growth in disposable income is being driven by fiscal stimulus tax cuts, which are not conducive to long-run economic sustainability. Ultimately, the American economy will need significant job growth for consumption growth to continue. The Philadelphia Federal Reserve Survey of Forecasters projects a U.S. unemployment rate of 9.8% in 2010 and 3.0% GDP growth.

Canada

Much of the hardship felt in Canada due to the recession was the result of external problems with its major trading partners. Sub-prime mortgage defaults did not affect the Canadian economy as they did in the U.S. and Europe. As a result, Canada avoided any serious threats to its financial system. However, as global consumer and industrial demand collapsed in 2009, Canada experienced a severe contraction in demand for its primary exports. This situation was amplified by falling commodity prices and a strengthening Canadian dollar relative to the U.S. dollar. Statistics Canada estimates the Canadian economy contracted by 2.6% in 2009.

Canada-U.S. Exchange Rate
Jan 2005-Feb 2010

Source: Bank of Canada

These conditions, combined with declining consumer confidence due to the global recession, contributed to a year-over-year decline in employment of 1.6%, or 280,000 jobs, in 2009. The majority of these jobs were lost in the first quarter of the year, when the economy shrank at an annualized rate of 7.0%. It was not until the second half of 2009 that the Canadian economy started to emerge from the recession. Real GDP grew at annualized rates of 0.9% and 5.0% in the third and fourth quarters, respectively, and the unemployment rate began to fall—it was down to 8.2% in February 2010 from 8.7% in August 2009.

Manufacturing industries were especially hard hit. The Ontario automotive industry suffered significant cutbacks and losses as General Motors, Ford and Chrysler struggled to cope with shrinking U.S. consumer demand and their troubled financial situations. Similar hardships in the newsprint, petrochemical, processed foods, industrial goods and lumber materials sectors were compounded by

an appreciating dollar throughout 2009. At its low in March 2009, the Canadian dollar was worth just 76.9 cents US, but by the end of December it had appreciated to 95.6 cents US. For export industries, this appreciation offset gains in commodity prices later in the year, resulting in muted economic recovery in Canada in the third quarter. However, economic recovery was clearly evident in the fourth quarter. The Toronto Stock Exchange Composite Index has increased by almost 60% since its March low and continued demand from China and India has stabilized commodity prices. A survey of Canadian banks projects Canada's GDP will grow by 2.9% and employment by 1.0% in 2010.

There are still risks ahead for the country. Canada is a trading nation with its most important export market being the United States, accounting for 75%–80% of exports. Therefore, the path of recovery in the U.S. and exchange rate movements will have repercussions for Canadian economic growth. As well, the anticipation of interest rate increases by the Bank of Canada in the second half of 2010 poses additional risks by placing further upward pressure on the dollar and raising the potential of rising borrowing costs. Nevertheless, Canada's economic and fiscal fundamentals remain solid and are among the best of the G–7 countries.

Provincial Economic Overview

A. Harvey Marine Base, St. John's Harbour (A. Harvey)

Economic output, as measured by real GDP, declined in Newfoundland and Labrador in 2009. Real GDP fell by 8.9%, directly attributable to a decline in provincial exports.

Total provincial exports are estimated to have declined by about 20% in real terms in 2009. Natural declines in oil production combined with recession related output cuts in mineral, newsprint and fish production are the main factors behind the decline. The volume of oil production fell by 22%, newsprint shipments declined by almost 50%, and the volume of fish landings decreased by 8.5% last year. As well, lower iron ore and nickel production and prices led to a decline of almost 50% in the value of mineral production.

Although the export sector suffered from the fallout of the global recession, domestic demand (consumption, investment and government expenditures) performed well. Consumer confidence remained solid throughout 2009, and business confidence recovered, trending upward throughout most of last year.

Retail sales increased by 2.6% last year supported by income gains and high consumer confidence. Higher sales of building materials contributed to the increase in total sales. Sales by building and outdoor home supply stores rose by 11.4%, partially due to a boost in residential renovation spending stimulated by the Home Renovation Tax Credit. A slight decline in the value of car sales offset some of the gains in other store types. The number of new vehicles sold declined by 8.5%, following a stellar performance in 2008. However, the value of sales decreased by only 0.6% as buyers, on average, purchased more expensive vehicles.

Investment in the province totalled $5.0 billion in 2009. High levels of spending on major projects, in particular the White Rose (North Amethyst) oilfield and Vale Inco's nickel processing facility, contributed significantly to total expenditures. Higher public sector spending on infrastructure also contributed to investment expenditures last year as both federal and provincial governments rolled out economic stimulus programs to counteract the impacts of the recession. While housing starts declined relative to 2008, residential investment increased as new home prices increased and renovation spending rose.

Economic Indicators

	2009e	2010f	2011f	2012f	2013f
GDP at Market Prices ($M)	22,912	25,407	27,666	28,436	28,534
% Change	-26.7	10.9	8.9	2.8	0.3
% Change, real	-8.9	4.0	3.1	-1.8	0.1
% Change, real adjusted*	-1.1	5.1	1.9	0.3	2.9
Personal Income ($M)	16,257	16,896	17,733	18,402	19,275
% Change	3.9	3.9	5.0	3.8	4.7
% Change, real	3.7	1.7	2.5	1.1	2.1
Personal Disposable Income ($M)	13,150	13,588	14,258	14,797	15,494
% Change	4.7	3.3	4.9	3.8	4.7
% Change, real	4.4	1.1	2.5	1.1	2.1
Retail Sales ($M)	7,244	7,609	7,908	8,178	8,442
% Change	2.6	5.0	3.9	3.4	3.2
% Change, real	4.3	3.6	2.6	2.0	1.8
Consumer Price Index (2002=100)	114.6	117.1	119.8	123.0	126.2
% Change	0.3	2.2	2.3	2.6	2.6
Capital Investment ($M)	5,042	6,200	7,378	6,528	6,424
% Change	0.1	23.0	19.0	-11.5	-1.6
% Change, real	-3.2	21.7	16.0	-12.5	-2.5
Housing Starts (Units)	3,057	3,102	3,121	3,047	2,980
% Change	-6.3	1.5	0.6	-2.4	-2.2
Employment (000s)	214.9	219.9	223.3	224.9	229.2
% Change	-2.5	2.3	1.5	0.7	1.9
Labour Force (000s)	254.2	258.3	260.7	261.2	263.4
% Change	0.2	1.6	0.9	0.2	0.9
Unemployment Rate (%)	15.5	14.9	14.4	13.9	13.0
Population (000s)	508.9	511.6	513.7	515.1	516.9
% Change	0.5	0.5	0.4	0.3	0.4

* Adjusted GDP excludes production related income earned by the non-resident owners of provincial mega-projects (oil projects and Voisey's Bay) to better reflect growth in economic activity that generates income for residents.

e: estimate, f: forecast, Department of Finance, March 2010
Source: Statistics Canada; Department of Finance

Labour Markets

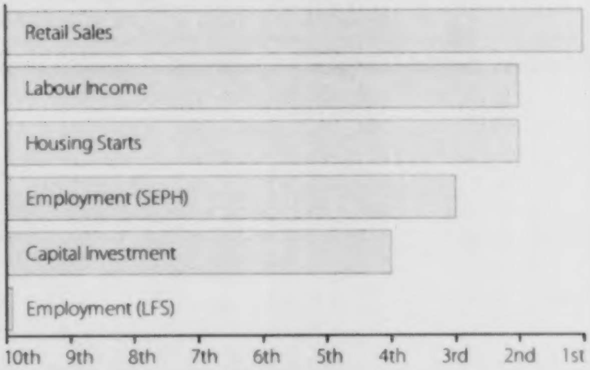
Employment, as measured by Statistics Canada's *Labour Force Survey (LFS)*, declined by 2.5% last year. The impact of the recession resulted in lower employment levels in many resource-based industries in the province. The closure of the Grand Falls-Windsor newsprint mill, layoffs at Corner Brook Pulp and Paper, downtime in the mining industry, and low prices in the fishing industry, together with spin-offs, all contributed to lower employment in 2009.

Employment began falling in December 2008 and recorded nine consecutive months of decline as indicated in the chart on page 13. In September 2009, a slight increase in employment was recorded, however, employment losses resumed in October and November. A noteworthy increase in employment was recorded in December 2009—the first since the losses began. Employment has since increased in both January and February of 2010, which bodes well for labour market performance this year.

2009 Economic Performance Newfoundland and Labrador Relative to Other Provinces

While GDP and employment (as measured by the *LFS*) declined in Newfoundland and Labrador during the recession, the province's domestic economy weathered the downturn better than many others. Several economic indicators fared very well in a provincial context. Newfoundland and Labrador's retail sales growth was the strongest of the Canadian provinces. Labour income and housing starts turned in the second best performance, behind only Prince Edward Island. Capital investment ranked fourth and Newfoundland and Labrador was one of only four provinces to record positive investment growth last year.

Newfoundland and Labrador's 2009 Performance Rank Among Provinces



Source: Statistics Canada; CMHC

There exists an apparent contradiction between employment (as measured by the *LFS*) and other economic indicators such as income and consumption. However, another measure of employment from Statistics Canada does not indicate the same degree of weakness in provincial employment performance as the *Labour Force Survey*. The *Survey of Employment, Payrolls and Hours (SEPH)* estimates that the number of employees in the province increased by 0.4% in 2009. This measure of employment includes employees only (and not self-employed persons) and is based on a survey of establishments in the province. One possible explanation for the discrepancy between the results of the two surveys (besides the exclusion of self-employed) is that there was a decline in employment of residents of Newfoundland and Labrador who commuted to work in other provinces as the global recession decreased employment opportunities in Western Canada. This would not be picked up in *SEPH* as it only surveys firms in this province, but it would be picked up in *LFS* as it surveys households.

The labour force in the province remained relatively stable last year, increasing by 0.2% to 254,200. The combination of employment losses and growth in the labour force led to an increase in the unemployment rate of 2.3 percentage points. The unemployment rate averaged 15.5% in 2009 compared to 13.2% in 2008.

Wages recorded solid gains last year. Average weekly earnings (including overtime) increased by 4.3% in 2009. Some of the factors contributing to the increase in average weekly earnings were hikes in the minimum wage and pay raises in the public sector. Total labour income increased 4.2% in 2009 and total personal income is estimated to have increased by 3.9%. Personal disposable income

Economic Indicators

	2009e	2010f	2011f	2012f	2013f
GDP at Market Prices ($M)	22,912	25,407	27,666	28,436	28,534
% Change	-26.7	10.9	8.9	2.8	0.3
% Change, real	-8.9	4.0	3.1	-1.8	0.1
% Change, real adjusted*	-1.1	5.1	1.9	0.3	2.9
Personal Income ($M)	16,257	16,896	17,733	18,402	19,275
% Change	3.9	3.9	5.0	3.8	4.7
% Change, real	3.7	1.7	2.5	1.1	2.1
Personal Disposable Income ($M)	13,150	13,588	14,258	14,797	15,494
% Change	4.7	3.3	4.9	3.8	4.7
% Change, real	4.4	1.1	2.5	1.1	2.1
Retail Sales ($M)	7,244	7,609	7,908	8,178	8,442
% Change	2.6	5.0	3.9	3.4	3.2
% Change, real	4.3	3.6	2.6	2.0	1.8
Consumer Price Index (2002 = 100)	114.6	117.1	119.8	123.0	126.2
% Change	0.3	2.2	2.3	2.6	2.6
Capital Investment ($M)	5,042	6,200	7,378	6,528	6,424
% Change	0.1	23.0	19.0	-11.5	-1.6
% Change, real	-3.2	21.7	16.0	-12.5	-2.5
Housing Starts (Units)	3,057	3,102	3,121	3,047	2,980
% Change	-6.3	1.5	0.6	-2.4	-2.2
Employment (000s)	214.9	219.9	223.3	224.9	229.2
% Change	-2.5	2.3	1.5	0.7	1.9
Labour Force (000s)	254.2	258.3	260.7	261.2	263.4
% Change	0.2	1.6	0.9	0.2	0.9
Unemployment Rate (%)	15.5	14.9	14.4	13.9	13.0
Population (000s)	508.9	511.6	513.7	515.1	516.9
% Change	0.5	0.5	0.4	0.3	0.4

* Adjusted GDP excludes production related income earned by the non-resident owners of provincial mega-projects (oil projects and Voisey's Bay) to better reflect growth in economic activity that generates income for residents.

e: estimate; f: forecast; Department of Finance, March 2010
Source: Statistics Canada; Department of Finance

Labour Markets

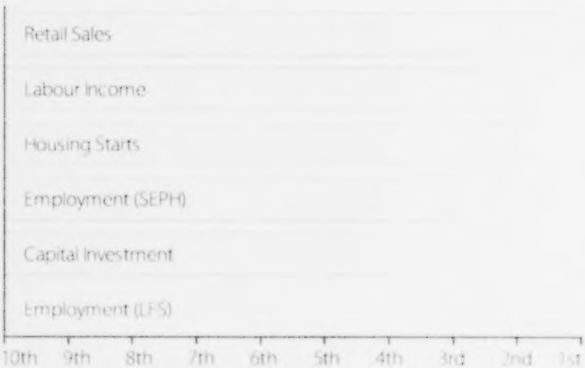
Employment, as measured by Statistics Canada's *Labour Force Survey (LFS)*, declined by 2.5% last year. The impact of the recession resulted in lower employment levels in many resource-based industries in the province. The closure of the Grand Falls-Windsor newsprint mill, layoffs at Corner Brook Pulp and Paper, downtime in the mining industry, and low prices in the fishing industry, together with spin-offs, all contributed to lower employment in 2009.

Employment began falling in December 2008 and recorded nine consecutive months of decline as indicated in the chart on page 13. In September 2009, a slight increase in employment was recorded, however, employment losses resumed in October and November. A noteworthy increase in employment was recorded in December 2009—the first since the losses began. Employment has since increased in both January and February of 2010, which bodes well for labour market performance this year.

2009 Economic Performance
Newfoundland and Labrador Relative to Other Provinces

While GDP and employment (as measured by the *LFS*) declined in Newfoundland and Labrador during the recession, the province's domestic economy weathered the downturn better than many others. Several economic indicators fared very well in a provincial context. Newfoundland and Labrador's retail sales growth was the strongest of the Canadian provinces. Labour income and housing starts turned in the second best performance, behind only Prince Edward Island. Capital investment ranked fourth and Newfoundland and Labrador was one of only four provinces to record positive investment growth last year.

Newfoundland and Labrador's 2009 Performance Rank Among Provinces



Source: Statistics Canada; CMHC

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Wages recorded solid gains last year. Average weekly earnings (including overtime) increased by 4.3% in 2009. Some of the factors contributing to the increase in average weekly earnings were hikes in the minimum wage and pay raises in the public sector. Total labour income increased 4.2% in 2009 and total personal income is estimated to have increased by 3.9%. Personal disposable income

grew 4.7%, aided by tax measures at the federal and provincial levels.

Prices

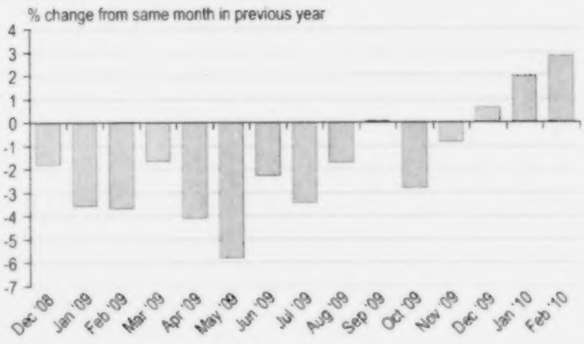
Inflation, as measured by year-over-year change in the Consumer Price Index (CPI), was only 0.3% in 2009. Overall, price increases were dampened considerably by lower energy prices throughout most of 2009—energy prices averaged 13.5% less than in 2008. Lower energy prices resulted in the transportation (influenced by gasoline) and shelter (influenced by home heating fuel) components of the CPI declining relative to 2008 as indicated in the chart. Increased prices for food; health and personal care; and household operations, furnishings and equipment contributed to the overall increase in the CPI.

Population

Annual estimates of population for Canada and the provinces are measured on July 1. Newfoundland and Labrador's population stood at 508,925 as of July 1, 2009, an increase of 0.5% compared to July 1, 2008. This was the largest annual increase in population since 1983. Population growth was the result of positive net migration of 2,800 which more than offset a natural decline in population (more deaths than births). 2009 marked the first significant in-migration to the province in over 25 years and the second consecutive year of positive migration flows.

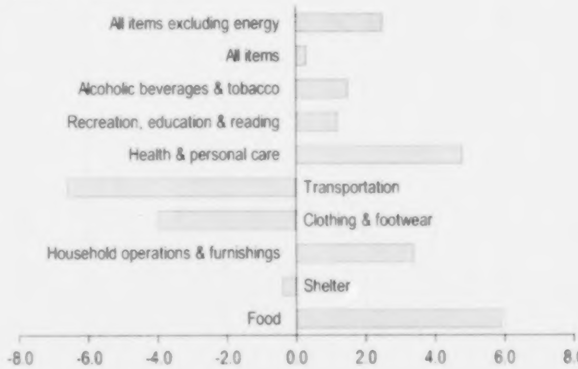
Population also increased in the quarter following the July 1 estimate. On October 1, 2009, the population of Newfoundland and Labrador was estimated at 510,272, an increase of 1,347 persons or 0.3% from July

Employment



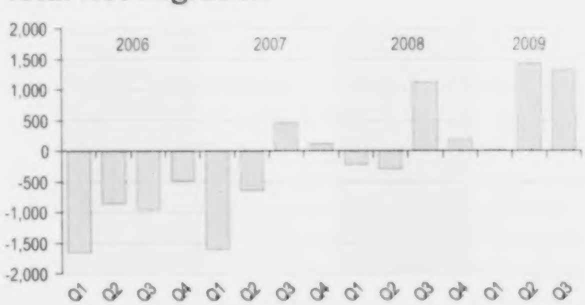
Source: Statistics Canada, Labour Force Survey

Percent Change in
Consumer Price Index by Component
2009 vs. 2008



Source: Statistics Canada

Total Net Migration



Source: Statistics Canada, Labour Force Survey

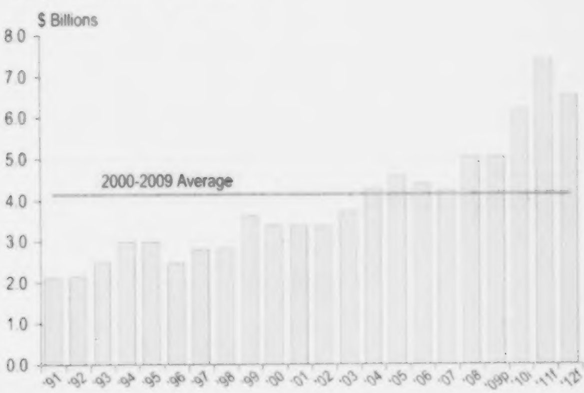
1, 2009. This increase was the result of positive net migration and slightly positive natural population change.

Net migration has been positive for five consecutive quarters. In fact, quarterly net migration reached its highest level since 1971 during the second quarter of 2009 and remained high during the third quarter (latest data available). A number of years of strong economic performance, along with tightening labour markets, are believed to be behind the change in migration trends. During 2009, fewer job opportunities elsewhere, particularly in Ontario and Alberta, positively impacted local migration trends.

Medium-Term Outlook

Real GDP growth is expected to resume this year, increasing by a projected 4.0%. Several private sector forecasters expect Newfoundland and Labrador to lead the country in growth this year. The private sector average of forecasts has Newfoundland and Labrador and British Columbia leading the country in GDP growth in 2010. GDP growth will stem from an anticipated rebound in mineral production and increased construction activity on major projects which will more than offset a decline in oil production. Other economic indicators, such as employment, income, retail sales and housing starts, are also expected to post gains in 2010.

Capital Investment



p: preliminary; i: intentions; f: forecast (March 2010)
Source: Statistics Canada; Department of Finance

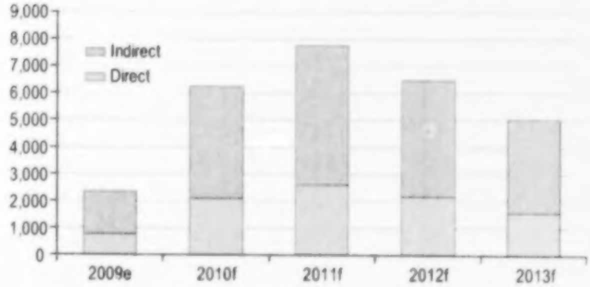
Beyond 2010, the economic outlook remains positive. While GDP growth will vary depending on major project timelines and oil production, other economic indicators such as employment and income are expected to continue to increase. In addition, the unemployment rate is expected to resume its downward trend and continued consumer optimism is expected to produce stronger retail sales.

One of the biggest factors behind the province's positive economic outlook over the medium-term is major project development and the associated high level of capital investment. Capital investment is expected to rise by 23% in 2010 and a further 19% in 2011—the strongest in the country. Construction of the nickel processing facility in Long Harbour; development of Hibernia South; continued expansion of White Rose satellite fields; and pre-engineering work for the Hebron project will all contribute to higher investment expenditures. The current forecast does not incorporate development of the Lower Churchill project. Development of major projects over the medium-term will contribute significantly to increased employment and

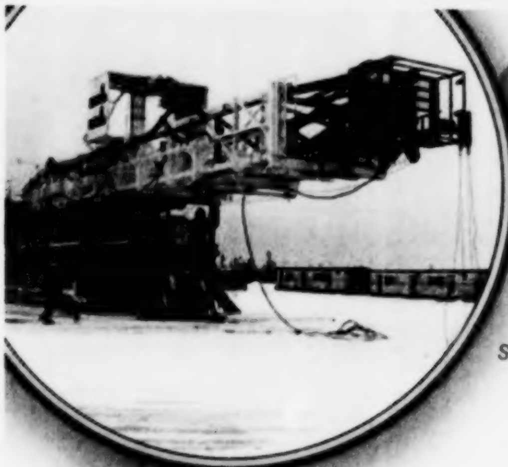
incomes in the province, as outlined in the chart. Employment is expected to rebound quicker from the 2009 recession than after any other recession since the 1970s.

Strength in domestic demand and continued optimism about the development of major projects are factors which have led to recent net in-migration and an increase in the province's population. Population is expected to continue to trend upwards over the medium-term, even though there may be fluctuations in population on a quarterly basis. Overall, the positive economic outlook is expected to lead to modest population growth in the province over the medium-term.

Major Project Construction Employment



e: estimate; f: forecast (March 2010)
Note: Includes Hibernia, White Rose, Hebron, and Voisey's Bay construction employment
Source: Department of Natural Resources; Department of Finance

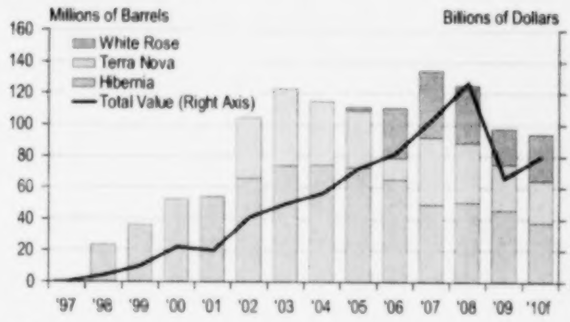


Oil and Gas

Stoneham Rig 11, at Parsons Pond (Nalcor Energy – Oil and Gas)

The provincial oil and gas industry has experienced tremendous growth since first oil was extracted from Hibernia in November 1997. In 2008, the industry accounted for almost 40% of the total value of all goods and services produced in the province (i.e., nominal GDP). In 2009, Newfoundland and Labrador produced approximately 35% of Canada's conventional light crude oil.

Oil Production



f: forecast
Source: Canada-Newfoundland and Labrador Offshore Petroleum Board; Department of Finance

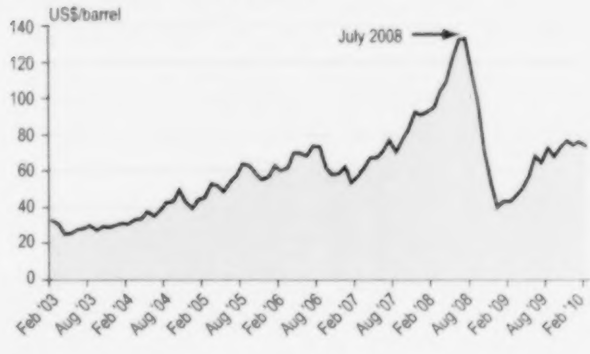
Oil production from the province's three producing fields (see chart) totalled 97.7 million barrels in 2009, a decrease of 27.6 million barrels (or 22%) relative to 2008. The value of oil production decreased by 48% in 2009 to $6.6 billion as a result of reduced production and lower crude prices. The price of Brent crude oil averaged US$61.74 per barrel in 2009, compared to US$96.94 in 2008 (see chart). Total cumulative offshore oil production to the end of 2009 was 1.09 billion barrels with an estimated value of $65.6 billion.

Hibernia

Hibernia produced 45.9 million barrels of oil in 2009, 4.9 million barrels (or 9.6%) less than the previous year due to natural production declines. The Provincial Government announced this past June that the Hibernia project reached "payout", meaning that the province is now receiving a royalty rate of 30% of net revenues for oil extracted from the main part of the original Hibernia field. Cumulative Hibernia production—since first oil on November 17, 1997 to December 31, 2009—was 667 million barrels with an estimated value of $36.7 billion. Production from Hibernia has now exceeded the Canada-Newfoundland and Labrador Offshore Petroleum Board's (C-NLOPB) recoverable reserve estimate at the time of first oil of 666 million barrels. Continued exploration and technological advances have greatly increased Hibernia's total recoverable reserve estimates, which now stand at 1,244 million barrels with remaining reserves of 577 million barrels.

On February 16, 2010 the Provincial Government signed a formal agreement with its industry partners to develop the Hibernia Southern Extension (Hibernia South), ratifying the Memorandum of Understanding that had been reached last summer. This development will extend the productive life of Hibernia by five to 10 years. Hibernia South could return an estimated $13 billion to the Provincial Government through a combination of royalties, returns on investment (through Nalcor Energy – Oil and Gas) and corporate income tax revenues.

Brent Crude Oil Prices



Source: U.S. Energy Information Administration

Hibernia South is comprised of two areas—the AA Blocks (estimated reserves of 48 million barrels) and the remainder (estimated reserves of 167 million barrels). Two modes of development will be used for Hibernia South oil extraction. Extraction from the AA Blocks, which began in November 2009, is taking place by means of direct drilling from the Hibernia Gravity Base Structure (GBS). Oil produced from the AA Blocks will immediately be subject to a royalty rate of 42.5% of net revenues.

The remainder of the Hibernia South area will be developed by means of a sub-sea drilling centre—tied back to the Hibernia GBS. The province, through Nalcor Energy – Oil and Gas, has acquired a 10% equity stake in this portion of Hibernia South at a cost of $30 million. On a go-forward basis, the province will pay a proportional share of project costs and receive a proportional share of production revenues. In addition to the equity stake in the sub-sea tieback project, the province has negotiated higher royalty rates, including a top royalty rate of 50%.

The Hibernia South agreement also resolves the decade-long dispute over the deduction of transportation costs. The province and the proponents have agreed that tanker costs to July 1, 2009 will be deducted according to the province's interpretation of the Hibernia Agreement. This means that in fiscal year 2009-10 the province will receive increased royalties retroactively from 1997 and forward to July 1, 2009. After this date, the same transportation cost eligibility rules as negotiated for the Hebron project will also apply to Hibernia.

Terra Nova

Terra Nova produced 29.0 million barrels of oil in 2009, a decline of 8.5 million barrels (or 22.7%) in comparison to 2008. Production was down as a result of natural production declines and a malfunction of one of the facility's main power generators in July. This problem has since been corrected and production rates returned to normal in November.

The C-NLOPB recently updated the Terra Nova reservoir model to include new information on the field. This resulted in an increase in recoverable reserve estimates from 354 million barrels to 419 million barrels. Cumulative Terra Nova production—since first oil on January 20, 2002 to December 31, 2009—was 286 million barrels with an estimated value of $17.8 billion. Remaining recoverable reserves are estimated at 133 million barrels.

White Rose

The White Rose field produced 22.8 million barrels in 2009, down 14.2 million barrels (or 38.3%) from 2008. The production decline was a result of natural declines at the original field and downtime required to tie in the North Amethyst field (estimated reserves of 68 million barrels), the first of three proposed satellite fields to be developed—the other two are the South White Rose Extension (estimated reserves of 24 million barrels) and West White Rose (estimated reserves of 40 million barrels). The province, through Nalcor Energy – Oil and Gas, has a 5% equity stake in the White Rose satellite fields.

Installation of the North Amethyst sub-sea equipment and tie-in has been completed and first oil from the field is expected in the second quarter of 2010. Husky Energy has submitted a pilot well proposal for approval to the C-NLOPB to develop a portion of the West White Rose satellite field. The proposal calls for the drilling of a producer/injector pair well from the central glory hole. Pending regulatory approval, drilling could occur in late 2010 with first oil in early 2011.

Cumulative White Rose production—since first oil on November 12, 2005 to December 31, 2009—was 137 million barrels with an estimated value of $11.1 billion. White Rose's recoverable reserve estimates, from the original (South Avalon) field together with the three proposed satellite developments, are 339 million barrels with remaining reserves of 202 million barrels.

Hebron

On August 20, 2008 the province signed the final agreement with the Hebron consortium to develop the Hebron oil field, the province's fourth offshore oil project. The Hebron field, which is estimated to contain 581 million barrels of recoverable reserves, will be developed using a GBS similar to, but smaller than, the Hibernia GBS.

The province, through Nalcor Energy – Oil and Gas, has purchased a 4.9% equity stake in the Hebron project at a cost of $110 million and will pay a proportional share of project costs and receive a proportional share of production revenues. A comprehensive Benefits Agreement includes commitments related to engineering, fabrication and construction in the province, including construction of the GBS at the Bull Arm facility. The project will create an estimated 4.1 million person hours of employment in the province. Pre-engineering work is currently underway and a Development Plan Application is expected to be filed in late 2010. Construction of the GBS is expected to start in 2012, with first oil expected in 2017.

Offshore Exploration

- On February 22, 2010, the C-NLOPB issued a Significant Discovery Licence[1] to StatoilHydro for Mizzen O-16 located in the Flemish Pass/Central Ridge Region.
- ConocoPhillips spudded the deep-water East Wolverine G-37 exploration well in the Laurentian Basin on November 24, 2009 using the *Stena Carron* drillship. Operations are ongoing.
- Chevron and co-venturers plan to drill a second exploration well (Lona O-55) in the deep-water Orphan Basin later this year using the *Stena Carron* drillship after it completes its work in the Laurentian Basin.
- Husky Energy Inc. started drilling the Glenwood H-69 well on January 25 using the *Henry Goodrich* drill rig and has several other exploration prospects in the Jeanne D'Arc Basin.
- Canadian Imperial Venture Corp. and Shoal Point Energy Inc. have announced plans for up to three delineation wells in EL-1070 offshore Western Newfoundland.
- Environmental assessments have been filed for proposed 2-D and 3-D seismic programs in the following areas:
  - Offshore Western Newfoundland (Deer Lake Oil and Gas)
  - Offshore Southern Newfoundland in the Sydney Basin (Husky Energy)
  - Offshore Southern Newfoundland in the Laurentian Basin (ConocoPhillips)
  - Offshore Labrador (Husky Energy; Investcan Energy; Chevron Canada Resources)

Onshore Exploration

- Vulcan Minerals Inc. completed drilling the Vulcan-Investcan Robinson's #1 well in the Bay St. George Basin to a total depth of 3,560 metres in September 2009 utilizing the Stoneham Rig 11. Gas shows were encountered in several sandstones. Further evaluation is ongoing.
- Vulcan Minerals Inc. subsequently moved the Stoneham Rig 11 to the Vulcan-Investcan Red Brook #2 location. In early December, the well flowed natural gas to the surface on three drill stem tests—clearly demonstrating the hydrocarbon potential in the Bay St. George area. The well has been cased to a total depth of 1,965 metres pending further evaluation. The company also plans to drill a third exploration well in the area.
- Nalcor Energy – Oil and Gas will operate three exploration permits in the Parsons Pond area. Nalcor has acquired an average of 67% gross working interest in these onshore permits. Industry partners include Leprechaun Resources; Deer Lake Oil and Gas Inc.; Investcan Corporation; and Vulcan Minerals Inc. Seamus #1 is the first of three deep exploration wells to be drilled in the area at a combined cost of $20 million. The Seamus #1 well was spudded in mid-February using Stoneham Rig 11. The Seamus well has a projected depth of 3,000 metres.

[1] A Significant Discovery Licence is a document of "title" by which an interest owner can continue to hold rights to a discovery area while the extent of that discovery is determined and, if it has potential to be brought into commercial production in the future, until commercial development becomes viable.

OIL AND GAS
OUTLOOK 2010

Oil production is expected to decline by around 12% to 86.4 million barrels.

- Hibernia is expected to produce 40.6 million barrels—5.3 million less than 2009.
- Terra Nova is expected to produce 26.0 million barrels—3.0 million less than 2009.
- White Rose is expected to produce 19.8 million barrels—3.0 million less than 2009.

Annual average crude oil prices are expected to increase by more than 30% over 2009 levels. Brent crude is expected to average US$80 85 per barrel.

First oil from North Amethyst—the first of three potential White Rose satellite developments—is expected in the second quarter.

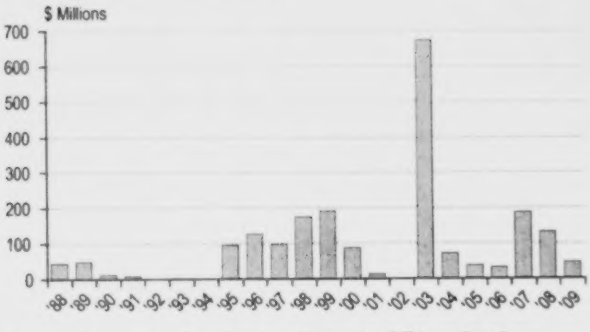
Pending regulatory approval, drilling could commence on West White Rose in late 2010.

The Development Plan Application for the Hebron field is expected by year-end.

ExxonMobil, the operator of the Hebron Project, is currently evaluating bids and will award the contract to build the topsides modules during 2010.

Exploration activity is expected to be solid both offshore and onshore with opportunities in several regions.

Offshore Land Bids



Source: Canada-Newfoundland and Labrador Offshore Petroleum Board

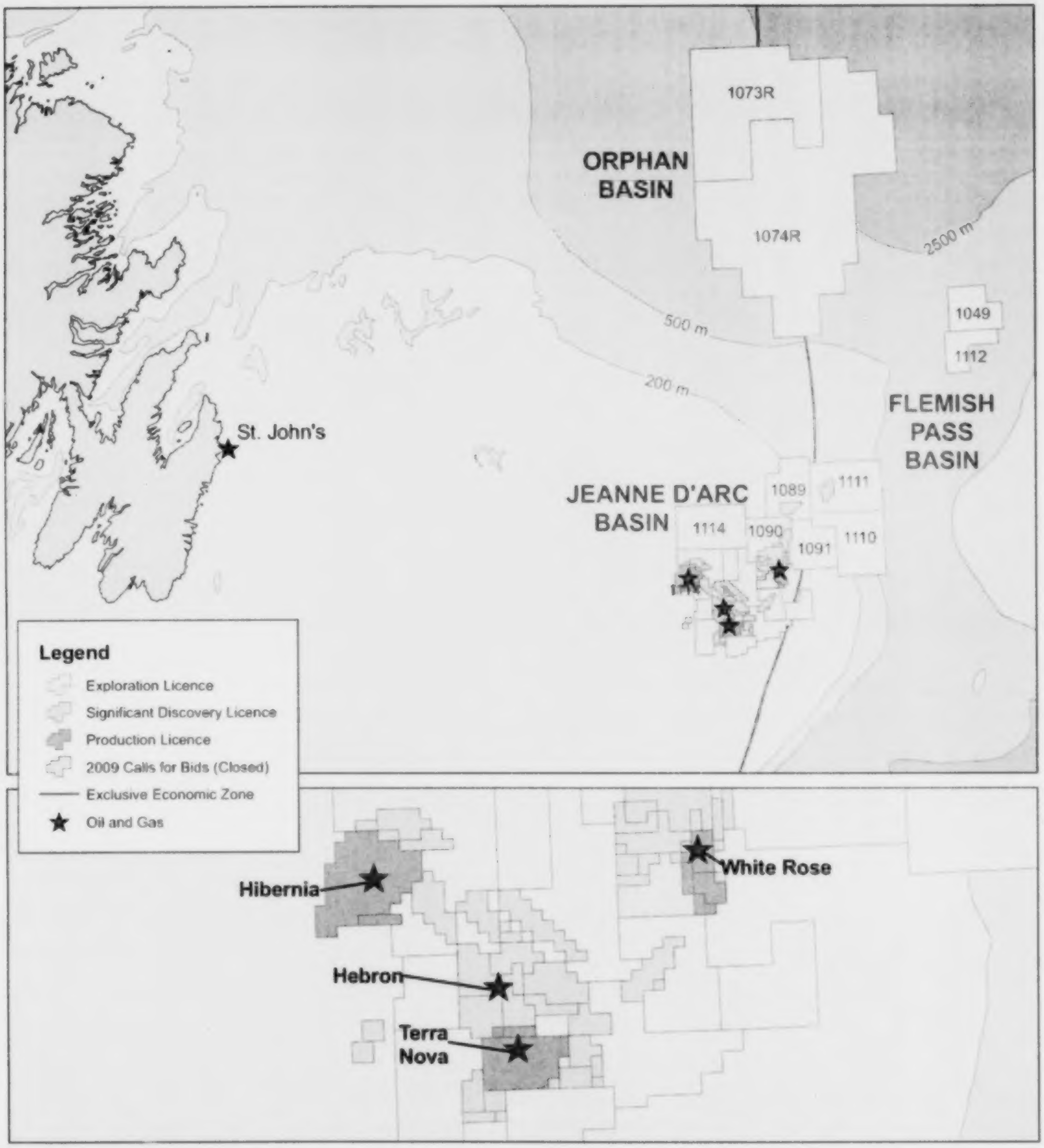
Call for Bids

- On November 20, 2009, the C-NLOPB announced the results of the 2009 Calls for Bids. Successful bids totalling $47 million were received on all four land parcels offered.
  - NL09-01 consists of one 9,558 hectare parcel in the Jeanne D'Arc Basin awarded to Husky Oil Operations Limited (72.5%) and Suncor Inc. (27.5%) with a Work Expenditure Bid of $36.8 million.
  - NL09-02 consists of two parcels in the Laurentian Basin.
    - Parcel 1 (290,070 hectares) was awarded to ConocoPhillips Canada Resources Corporation (55%) and BHP Billiton Petroleum (Laurentian) Corporation (45%) with a Work Expenditure Bid of $8.0 million.
    - Parcel 2 (73,931 hectares) was awarded to ConocoPhillips Canada Resources Corporation (64%) and BHP Billiton Petroleum (Laurentian) Corporation (36%) with a Work Expenditure Bid of $1.0 million.
  - NL09-03 consists of one 140,210 hectare parcel in the Western Newfoundland Offshore Region awarded to Ptarmigan Energy Incorporated with a Work Expenditure Bid of $1.2 million.

- Successful bidders commit to spend at least 95% of the Work Expenditure Bid on exploration of the parcel (with the remainder allowable for research and development and education and training) during the initial six-year period of a nine-year exploration licence.

Historical bid amounts (shown in the chart) have resulted in approximately $850 million in outstanding offshore expenditure commitments—a reflection of industry's confidence in the potential of the Newfoundland and Labrador offshore area.

Offshore East Coast

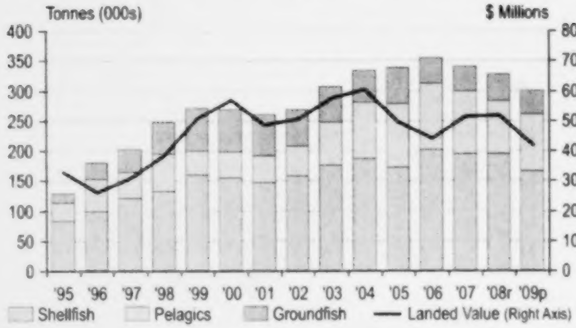


Fishery

Fishing vessels (Dept. of Finance)

The Newfoundland and Labrador fishery recorded a difficult year in 2009 due to low market prices, continued pressure from low-cost producers, and an appreciating Canadian dollar. The global recession weakened demand, which put downward pressure on prices for many species and reduced fishing activity. The Canada/U.S. exchange rate was favourable for exporters at the beginning of the year but the dollar appreciated during much of the peak fishing season, eroding this competitive advantage.

Volume and Value of Fish Landings



r: revised; p: preliminary
Source: Department of Fisheries and Aquaculture; Fisheries and Oceans Canada

Overall, landings decreased in 2009, dropping 8.5% to 300,700 tonnes, marking the lowest level recorded since 2003 (see chart). This decline was mainly the result of lower shrimp catches. The corresponding value of landings decreased by 19.2% to about $420 million, a result of lower volumes and prices for key species.

Employment in the industry declined in 2009. Employment averaged 10,300[2], down from 12,000 in 2008. Declines occurred on both the harvesting and processing sides of the industry. Harvesting employment averaged 5,600, down from 6,500 in 2008, while processing employment fell to 4,700 from 5,500.

Harvesting

Shellfish continued to be the cornerstone of the fishery in 2009, comprising 55.3% of total landed volume and generating 83.3% of landed value. However, the past year proved particularly difficult for participants in the shellfish fishery. Shellfish landings declined to 166,200 tonnes, down 14.5% compared with 2008. The corresponding landed value dropped 18.0% to about $350 million.

[2] This figure is from the Statistics Canada Labour Force Survey and is the average of the 12 months of 2009. The actual number of people that worked in fish harvesting and processing at some point during the year was just over 22,000.

Shrimp landings fell 30.1% to 77,700 tonnes last year, mainly the result of a 43.7% drop in northern inshore shrimp landings. Lower landings were due to several factors including: a price dispute between harvesters and processors that delayed the start of the fishery; poor weather conditions that kept harvesters from fishing in the fall; increased occurrence of relatively small shrimp; and declining catch rates in certain areas. The overall landed value of shrimp declined by 38.9% to $109 million. As part of the settlement of the price dispute, the Provincial Government, harvesters and processors signed a fisheries restructuring agreement (discussed in the sidebar).

Snow crab accounted for 47% of the value of shellfish landed in 2009. The volume of crab landed increased 1.3% to 53,500 tonnes. However, like other species, crab prices were down, with the average price paid to harvesters reported at around $1.40/pound compared with $1.54/pound in 2008. As a result, the associated landed value of crab declined 8.3% in 2009 to about $165 million.

Groundfish accounted for 11.5% of total landed value in 2009. Landings decreased 13.0% to 39,300 tonnes last year due mainly to lower cod and yellowtail flounder catches. The corresponding value of groundfish decreased 24.9% to $48 million. The cod fishery was negatively impacted by a quota cut on the south coast and lower catch rates and fishing activity in some areas. Market prices for cod were lower last year because of increased competition from other suppliers such as Iceland and China (which

Long-Term Industry Development

A new agreement reached in mid-July 2009 between the Provincial Government, harvesters and processors provides a process for addressing long-term structural issues in the province's seafood industry. Several working groups have been established to address key areas, including: the state of the industry's finances; development of a long-term marketing strategy; and development of models to restructure both the harvesting and processing sectors. A worker adjustment sub-committee (of the processing restructuring working group) will also address worker adjustment issues arising from industry restructuring. The working groups will submit their respective reports to a steering committee which, in turn, will make recommendations to government.

Shrimp landings fell 30.1% to 77,700 tonnes last year, mainly the result of a 43.7% drop in northern inshore shrimp landings. Lower landings were due to several factors including: a price dispute between harvesters and processors that delayed the start of the fishery; poor weather conditions that kept harvesters from fishing in the fall; increased occurrence of relatively small shrimp; and declining catch rates in certain areas. The overall landed value of shrimp declined by 38.9% to $109 million. As part of the settlement of the price dispute, the Provincial Government, harvesters and processors signed a fisheries restructuring agreement (discussed in the sidebar).

Snow crab accounted for 47% of the value of shellfish landed in 2009. The volume of crab landed increased 1.3% to 53,500 tonnes. However, like other species, crab prices were down, with the average price paid to harvesters reported at around $1.40/pound compared with $1.54/pound in 2008. As a result, the associated landed value of crab declined 8.3% in 2009 to about $165 million.

Groundfish accounted for 11.5% of total landed value in 2009. Landings decreased 13.0% to 39,300 tonnes last year due mainly to lower cod and yellowtail flounder catches. The corresponding value of groundfish decreased 24.9% to $48 million. The cod fishery was negatively impacted by a quota cut on the south coast and lower catch rates and fishing activity in some areas. Market prices for cod were lower last year because of increased competition from other suppliers such as Iceland and China (which

Long-Term Industry Development

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has increased the supply of cultured whitefish). The competitive position of the provincial cod fishery was also eroded by the appreciation of the Canadian dollar during the year. A decline in yellowtail flounder prices reduced fishing activity for that species resulting in lower catches.

Pelagic landings increased by 6.9% to 95,100 tonnes in 2009 because of higher mackerel catches. Mackerel landings increased 47.8% to 34,000 tonnes, reflecting good resource availability. This rise was moderated by an 11.5% decline in capelin landings to 33,200 tonnes. Despite the increase in overall landed volumes, significantly lower capelin prices caused the value of pelagic landings to decline 3.9% to $21 million.

Fish Landings

	2008r	2009p	Actual Change	% Change
Landings (000s Tonnes)				
Shellfish	194.5	166.2	-28.3	-14.5%
Groundfish	45.2	39.3	-5.9	-13.0%
Pelagics	89.0	95.1	6.1	6.9%
Total	**328.7**	**300.7**	**-28.0**	**-8.5%**
Seals (# 000s)	207.5	53.5	-154.0	-74.2%
Value ($ Millions)				
Shellfish	426.6	349.8	-76.8	-18.0%
Groundfish	64.4	48.4	-16.0	-24.9%
Pelagics	21.5	20.7	-0.8	-3.9%
Seals	6.7	0.8	-5.8	-87.5%
Total	**519.2**	**419.7**	**-99.5**	**-19.2%**

r: revised; p: preliminary; totals as well as actual and percent changes calculated on unrounded figures.
Source: Department of Fisheries and Aquaculture; Fisheries and Oceans Canada

The seal harvest turned in a disappointing performance in the spring of 2009 with reduced harvesting effort due to low market prices. Demand was down due, in large part, to the economic downturn and lower demand for luxury products. This resulted in only 53,531 seals being harvested in 2009 compared with 207,527 in the previous year. Prices to sealers were about $14/pelt, down from over $30/pelt in 2008.

Processing and Marketing

There were 118 seafood processing facilities operating in the province in 2009. Overall, 106 of these were primary processing facilities (including five aquaculture based) and the remainder were either secondary processing facilities or retail businesses (retailers with a licence to process fish for the local market only). Production for the year totalled 176,377 tonnes, down 4.3% from 2008. According to the Statistics Canada manufacturing survey, the value of provincial seafood manufacturing shipments declined 19.3% compared with 2008. Fish and seafood export values declined in 2009, impacted by

the worldwide recession and a strengthening Canadian dollar. The value of exports decreased 11.2% from 2008 to $721 million.

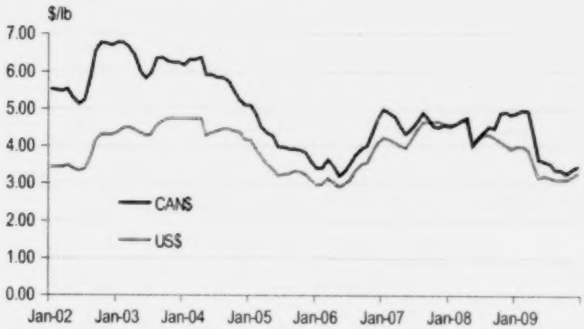
The United States and China continued to be the largest markets for the province's seafood industry in 2009—the U.S. accounted for about 40% of seafood exports and China accounted for 17%. Other key markets included the United Kingdom (7%), Japan (5%) and Denmark (5%).

Seafood markets were negatively impacted by declines in consumer demand and a weak food service sector in 2009, particularly in the U.S. The average price for 5-8 ounce crab sections in the U.S. was $3.89/pound, down 14.9% from $4.57/pound in 2008 (see chart). Shrimp prices in the U.S. market were also notably lower than 2008. The average price for imported 150-250 count cooked and peeled coldwater shrimp was 9.5% lower than 2008.

The European Union (EU) continues to be a major market for cooked and peeled coldwater shrimp. However, some of the product is subject to substantial punitive tariffs which put Canadian exporters at a competitive disadvantage. A number of improvements have been made to this situation over the years, with the most recent coming into effect on January 1, 2010. Currently, the first 20,000 tonnes of Canadian shrimp can be sold to the EU without any tariff—last year this amount of shrimp was subject to a 6% tariff. All shrimp sold in excess of 20,000 tonnes is still subject to an EU tariff equal to 20% of the market value of the product.

Prices for Frozen Crab Sections

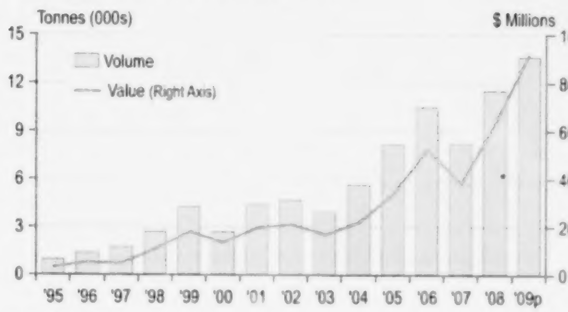
Sold in the U.S. (5-8 ounce)



Note: Price data were not available from Urner Barry Publications for several months. These data were estimated by the Department of Finance.

Source: Urner Barry Publications Inc.; Bank of Canada; Department of Fisheries and Aquaculture; Department of Finance

Aquaculture Production



p: preliminary
Source: Department of Fisheries and Aquaculture

Aquaculture

The province's aquaculture sector, which commercially produces Atlantic salmon, steelhead trout and blue mussels, turned in an excellent performance in 2009. The majority of aquaculture activity in the province is centred in the Bay d'Espoir/Connaigre/Fortune Bay region (salmonid production) and in the Green Bay/Notre Dame Bay area (shellfish production). Production rose 18.0% to 13,625

FISHERY OUTLOOK 2010

Fish landings in 2010 are expected to be similar to those recorded in 2009.

Improvement in market prices will largely depend on the strength of the global recovery.

A high Canadian dollar and relatively high fuel costs will continue to challenge the fishing industry.

Fishing industry restructuring work will continue.

Aquaculture production is expected to continue to see growth in 2010, driven mainly by growth in Atlantic salmon and steelhead trout production.

The following changes to the EU tariff structure will benefit the Canadian seafood industry:

- the removal of the 6% tariff on the first 20,000 tonnes of Canadian cooked and peeled shrimp entering the EU; and
- the eligibility of yellowtail flounder (in packaged frozen form and fillets) under the Autonomous Tariff Rate Quota to enter the EU at a 0% tariff rate (as opposed to previous tariff rates as high as 15%).

tonnes and export value was $92 million, up 45.9% over 2008 (see chart). The increase in value reflected higher production levels for salmonids and strong product prices, which more than offset lower mussel production. Demand for salmon products in particular remained high in 2009, in contrast to what was observed in many other consumer seafood markets. This reflects salmon's reputation as an affordable luxury, even during a recession. Strong demand combined with a drop in supply due to problems in the Chilean salmon industry, one of the world's largest producers of farmed salmon, kept market prices strong.

The provincial salmonid sector has expanded considerably over the last several years with significant infrastructure investment having occurred. As a result, salmonid production in 2009 was almost three and one-half times production five years previous. This sector is expected to continue to expand over the next several years—the introduction of juvenile Atlantic salmon and steelhead trout (smolt) in 2009 were almost four times 2004 levels, indicating a considerable increase in expected harvests in the near future.

Forestry and Agrifoods

(Dept. of Natural Resources)

Forestry

Newsprint

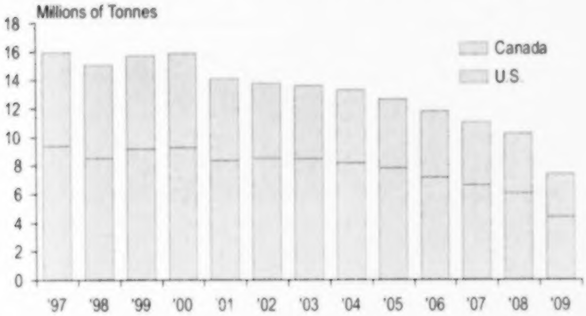
North America

Over the past decade, North American newsprint demand has declined dramatically as a result of increased competition from electronic media and a shift by newspaper publishers towards smaller tabloid papers. This trend intensified over the past two years as a result of the global economic recession, which caused a substantial decrease in newspaper advertising and readership.

North American newsprint production—60% of which is produced in Canada—declined by 28% (or 2.8 million tonnes) in 2009 after several years of smaller, yet still significant, declines. The cumulative decline in North American production between 2000 and 2009 was 53%, or 8.4 million tonnes, from 15.8 million tonnes in 2000 to 7.4 million tonnes in 2009.

Shipments to all major markets were down significantly in 2009. Shipments by North American producers to domestic markets, which normally account for 75%–80% of total North American shipments, declined by 26% (or 2.0 million tonnes) to 5.7 million

North American Newsprint Shipments



Source: Pulp and Paper Products Council

tonnes. North American overseas shipments declined even further—by 34% (or 840,000 tonnes).

While it is likely that some portion of the losses last year will be regained as the global economy recovers, the long-term outlook for the newsprint industry remains uncertain. Many industry analysts believe more capacity will have to be removed in order to firm up markets and allow the industry to return to profitability.

Province

The provincial newsprint sector has been negatively impacted by the downturn in the industry. Montreal-based AbitibiBowater closed its Stephenville mill in December 2005 and the Grand Falls-Windsor mill

in March 2009. The Corner Brook Pulp and Paper mill is currently the only newsprint operation in the province. The company is presently operating two paper machines (PM No. 2 and PM No. 7) with a combined capacity of 260,000 tonnes per year. Production at the Corner Brook mill has also been impacted by weak market conditions. As part of its company-wide production cuts, Kruger Inc., owner of the Corner Brook mill, shut down PM No. 4 last March for what was initially intended to be an eight-week period. However, since then the company decided to idle the machine indefinitely. This resulted in the layoff of 70 mill and 60 woodlands workers in June 2009. In an additional cost reduction initiative, mill workers recently agreed to accept a 10% wage reduction until market conditions improve. It was also announced that an additional 15 non-unionized mill workers would be laid off.

Corner Brook Pulp and Paper's budgeted capital expenditures for 2010 are $4.7 million, consisting of various infrastructure improvements including forest access road construction. The company has also budgeted research and development expenditures of $502,000 for 2010 to study fibre supply issues.

The volume of provincial newsprint shipments declined by 49.7% in 2009 to 264,500 tonnes and the estimated value of shipments decreased by 56.5% to $171 million. The large decline in volume was primarily due to the shutdown of the Grand Falls-Windsor mill in early 2009, although some market related downtime (two weeks in October) and the idling of PM No. 4 at the Corner Brook mill were also contributing factors. Value decreased more than volume as a result of lower transaction prices. Newsprint prices averaged US$565 per tonne in 2009, down 19.4% from US$701 per tonne in 2008. Capacity reductions allowed newsprint producers to achieve significant price increases in 2008, however, these gains were eroded during the first eight months of 2009 as a result of the recession. Transaction prices hit a trough of US$435 per tonne in August 2009, but since then moderate consecutive monthly price increases have been achieved. As of mid-March 2010, newsprint was trading at US$550 per tonne.

Lumber

The volume of provincial lumber production declined by 14% in 2009 to 60 million board feet—low by historical standards. Many local producers are finding it unprofitable to operate sawmills due to low lumber prices—the result of downturns in the Canadian and U.S. housing markets.

Another contributing factor to the decline in profitability is the downturn in the newsprint industry. This has resulted in reduced demand for pulp chips, which are a valuable by-product of lumber production and contribute greatly to the industry's cash flow.

Lumber prices have declined by approximately 50% since 2004 due to the combined effect of lower U.S. dollar prices and the appreciation of the Canadian dollar. However, there was some upward movement in prices toward the latter part of 2009 and into the first two months of 2010. As of mid-March, lumber was trading for just over US$300 per thousand board feet, up from an average of US$198 per thousand board feet in the first quarter of 2009.

Agrifoods

Farm Cash Receipts

Total farm receipts declined 4.5% to $78.9 million in the first three quarters of 2009 compared to the same period in 2008. Fur production receipts were down 58.5% to $3.2 million and egg production receipts were down 0.7% to $9.9 million. Floriculture and nursery product receipts were up 1.6% to $6.3 million and dairy product receipts were up 3.6% to $35.2 million. Although farm receipts for chicken production are no longer published, data from the Chicken Farmers of Canada indicate that the volume of chicken produced in the province decreased by 2.5% in 2009 to 13.2 million kilograms.

Growing Forward: New Farm Investment Program

The New Farm Investment Program is part of the "Growing Forward" initiative—a five-year $30 million federal/provincial cost-shared investment in the province's agriculture industry which was implemented in June 2009. The objective of the New Farm Investment Program is to address the unique challenges faced by new entrants in the Newfoundland and Labrador agriculture industry. This initiative will help ensure the development of underutilized agricultural resources; encourage the establishment of new farm businesses; and enhance the competitiveness of the sector. Under the program, new farm operations will be provided with increased access to capital for on-farm infrastructure, including facility construction and equipment purchases, that will enhance the innovation and competitiveness of new entrants. The New Farm Investment Program will also develop and implement mentoring programs between beginning farmers and agricultural associations or farm groups.

FORESTRY AND AGRIFOODS OUTLOOK 2010

Newsprint shipments are expected to decrease about 10% to 238,000 tonnes due to the closure of the Grand Falls-Windsor mill and the shutdown of Paper Machine No. 4 at Corner Brook Pulp and Paper in early 2009.

Annual average newsprint prices are expected to remain on par with 2009.

Lumber production is expected to increase in the range of 25%–30% as the U.S. and Canadian housing markets recover.

Farm cash receipts are expected to post moderate gains.

The Agriculture and Agrifoods Research and Development (R&D) Program will be advanced through a number of initiatives:

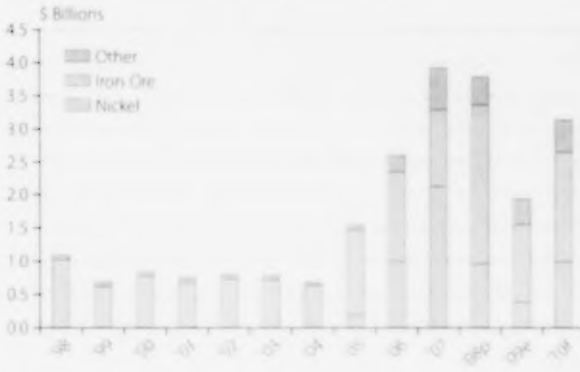
- A review of R&D practices in other provinces and countries will be undertaken.
- "Research Days" will be held across the province to allow industry stakeholders to comment on the future direction of the R&D program.
- Information on the program will be communicated through various forms including the Agrifoods website.

Mining

Operations at Iron Ore Company of Canada (Dept. of Natural Resources)

The mining industry faced a difficult year in 2009. The global economic downturn placed significant downward pressure on both demand and prices for mineral products. This caused provincial mining producers to reduce production and labour requirements. As a result, the value of provincial mineral shipments declined about 50% to approximately $1.9 billion in 2009 (see chart). This decrease was mainly due to lower production and prices of iron ore and nickel. In addition, exploration expenditures declined by about 60% due to tighter credit markets and lower mineral demand. Total direct mining employment decreased by 11% to roughly 3,500 person years.

Value of Mineral Shipments



p: preliminary; e: estimate; f: forecast
Source: Department of Natural Resources

Market pressures improved somewhat in the latter part of 2009, and lately there have been many signs of improvement. As a result, the outlook for the mining industry has improved considerably.

Market Conditions

Prior to 2009, demand for minerals had been strong for several years, mainly due to significant economic growth in developing countries such as China and India. However, the recession last year lowered demand for mineral products and placed downward pressure on prices.

Traditionally, iron ore prices are set by contract and negotiated to take effect in the spring of each year. However, last year the recession caused substantial price volatility for iron ore, leading to increased use of temporary spot markets and a delay in finalizing 12-month fixed price contracts. Consequently, IOC's contract prices were not set until September 2009. The contract dropped concentrate prices 29.8% to US$68.48/tonne and pellet prices 48.3% to US$80.05/tonne compared to prices negotiated in 2008. However, rapid price growth for several years prior to 2009 meant that prices last year were still near 2007 levels despite the substantial drop. Over the past several months, spot market prices for iron ore (which are a good indicator of future contract prices) have improved,

which should help support higher contract prices for 2010.

After reaching record high levels in 2007, nickel prices declined throughout much of 2008 and bottomed out in the first quarter of 2009 (see chart). Average nickel prices in the first quarter were approximately US$4.75/pound. Since March 2009, nickel prices have increased steadily, averaging about US$7.27/pound in the last three quarters.

Copper prices rose steadily throughout 2009, but overall were down compared to 2008. As indicated in the chart, prices began the year at a low point after dropping substantially in the last quarter of 2008. Prices gradually increased from an average of US$1.55/pound in the first quarter to an average of US$3.02/pound in the fourth quarter.

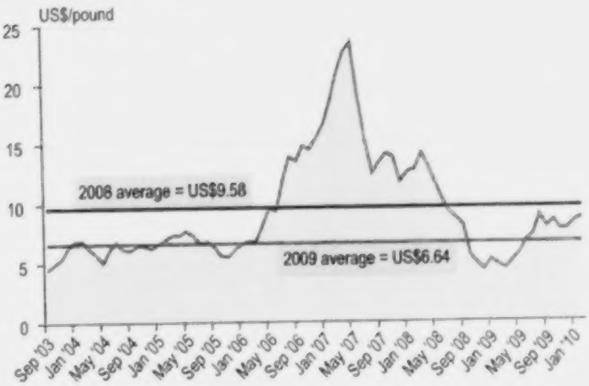
Iron Ore Mines

Iron ore producers operated under challenging conditions in 2009 because of the slumping demand for steel.

The volume of iron ore shipped from IOC and Wabush Mines was approximately 16.5 million tonnes in 2009, representing a decline of 13.0% from 2008. This decrease was due to production cutbacks at both mines. The value of shipments declined over 50% to approximately $1.2 billion as a result of lower prices and production.

In an effort to deal with slumping demand for steel, IOC shut down production for a five-week period from July 7 to August 10, 2009. The company planned the shutdown around employee vacation time so that layoffs would be minimized. When production resumed, a rebound in the market created favourable conditions that resulted in the hiring of 30 new employees. IOC's $800 million expansion plan announced in 2008 is still on hold, but the company expects it will make a decision on whether to resume the expansion sometime in 2010.

Nickel Prices



Source: London Metal Exchange

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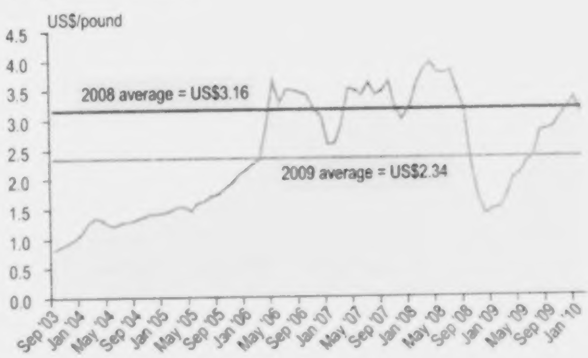
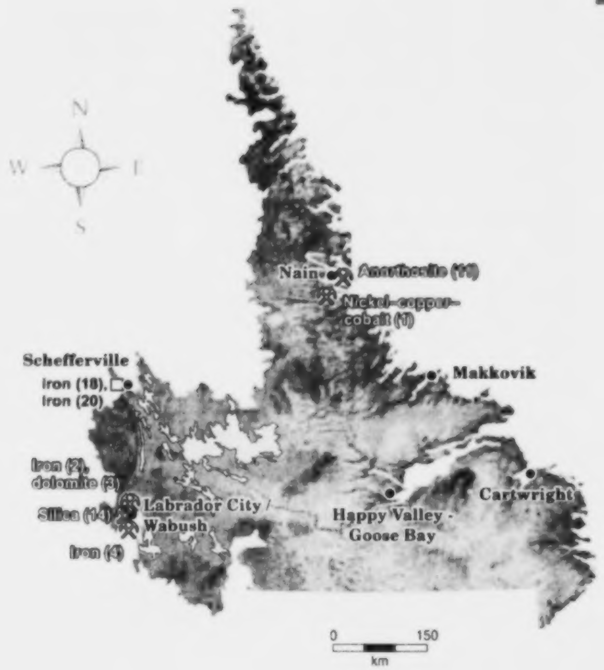


Source: London Metal Exchange

Producing Mines and Developing Properties

March 2010



* Note scale differences of Labrador and Newfoundland maps

Source: Department of Natural Resources

⚒ Producers

1. *Vale Inco Newfoundland & Labrador Limited,* Voisey's Bay
2. *Iron Ore Company of Canada,* Labrador City
3. *Iron Ore Company of Canada,* Labrador City
4. *Wabush Mines Limited,* Wabush
5. *Teck Duck Pond Operations,* Duck Pond
6. *Beaver Brook Antimony Mine Inc.,* Beaver Brook
7. *Anaconda Mining Inc.,* Pine Cove
8. *Hi-Point Industries (1991) Ltd.,* Bishop's Falls
9. *Atlantic Minerals Limited,* Lower Cove
10. *Hurley Slate Works Company Inc.,* Burgoynes Cove
11. *Torngait Ujaganniavingit Corporation,* Ten Mile Bay
12. *Terra Nova Granite (2007) Inc.,* Jumpers Brook
13. *Galen Gypsum Mines Limited,* Coal Brook
14. *Shabogamo Mining & Exploration Limited,* Labrador City

☐ Under development

15. *Canada Fluorspar (NL) Inc.,* St. Lawrence
16. *Continental Stone Limited,* Belleoram
17. *Hi-Point Industries (1991) Limited,* Gander Bay
18. *Labrador Iron Mines Holdings Limited,* Howells River
19. *Newfoundland Pyrophyllite,* Manuels
20. *New Millennium Capital Corp.,* Howells River
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22. *Rambler Metals and Mining Canada Limited,* Baie Verte

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Nickel Prices

Source: London Metal Exchange

Copper Prices

Source: London Metal Exchange

Producing Mines and Developing Properties

March 2010

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Wabush Mines also cut back production to deal with decreased demand. In February 2009, the company laid off 160 employees of which 130 were unionized. On August 31 the company recalled 100 unionized employees after finding further market opportunities in China.

Wabush Mines continues to evaluate a potential manganese separation project. The company received $2.2 million from the Atlantic Canada Opportunities Agency (ACOA) as part of a $4 million project to develop a prototype to determine whether the technology can be transferred to treat all production. At the time of writing, the prototype project was 40% complete with final completion expected in late May. A full implementation of the technology would cost $43 million and will allow the company to mine and process higher manganese ores, which will extend the life of the mine.

Voisey's Bay

Vale Inco Newfoundland and Labrador (VINL) shipped approximately $580 million worth of metal concentrates in 2009, a decline of over 53% compared to 2008. This decrease was mainly the result of lower production and prices for nickel and copper.

In response to poor economic conditions and lower prices, VINL shut down production at the Voisey's Bay operation, including the mine and the processing mill, for the month of July. However, instead of re-opening on August 1 as planned, 120 unionized employees at Voisey's Bay went on strike after rejecting the company's offer for a new three-year collective agreement. Since then, mining and production of concentrates have ceased. Negotiations between Vale Inco and the union representing workers began on January 22, 2010, but broke off two days later. Recently, the two sides agreed to meet with a conciliator on March 15-16.

On January 29, 2009 the province and Vale Inco announced they had formed an improved Development Agreement for the construction of the hydromet nickel processing plant in Long Harbour. The company was granted a 14-month extension to the original construction period, resulting in a new completion date of February 2013. The company made commitments, including: a target of 77% of construction employment to occur in Newfoundland and Labrador; to not export more than an average of 55,000 tonnes of nickel concentrate per year for the next four years; and to complete the second stage of the feasibility process for underground mining at Voisey's Bay by mid-2011.

The construction phase of the nickel facility began in April 2009. The company first had to perform demolition work to clear the port site of the former phosphorus plant. Site clearing; infrastructure development, including road access; and procurement activities are currently ongoing. Construction employment at Long Harbour averaged approximately 450 person years in 2009. The company estimates the total value of construction, over the 2009-2013 period, to be US$2.8 billion with US$441 million projected to be spent in 2010.

Other Mines

The Duck Pond operation, located in Central Newfoundland, is an underground copper-zinc mine with annual production of approximately 650,000 tonnes and average employment of 287 people. Teck Duck Pond Operations was challenged last year by declines in mineral prices. The effects of these declines were lessened by the fact that mining reached the heart of the underground ore body, which enables the company to have access to large zones of the mineral. Of note is the fact that copper from the Duck Pond Mine was used in the production of the bronze medals for the 2010 Winter Olympic Games in Vancouver. Also, in February the company was placed on a short list of eight employers in the province for an "Employer of Distinction" award by the Newfoundland & Labrador Employers' Council. The award recognizes employers that excel at leadership, innovation, creativity, and sustaining a healthy, safe workforce.

Anaconda Mining Inc. has begun an upgrade and expansion to the Pine Cove gold mill near Baie Verte. Commissioning of the Pine Cove mill began in June 2008, but commercial production at the mill was delayed by problems in the milling process. In response to these problems, Anaconda will spend $2.7 million for re-design, engineering and implementation of the mill as a stand-alone operation with a minimum throughput rate of 700 tonnes per day. The company expects the mill upgrade to be completed by June 2010. On December 18, 2009 Anaconda announced the early termination of a 12-month toll processing agreement with the former operators of the Nugget Pond mill. The company entered into the agreement in June 2009 to have its ore processed at the Nugget Pond mill while performing the upgrades at the Pine Cove mill. Subsequently, the company determined it would be better to wait and process the ore at Pine Cove.

In 2008, Beaver Brook Antimony Mine Inc. (BBAM) reactivated the only antimony mine in North America. The mill, located near Glenwood, had been shut down for the previous 10 years. In the fall of 2009, Hunan Nonferrous Metals Corporation (HNC), the largest antimony company in the world, acquired 100% of Beaver Brook Antimony Mine Inc. The acquisition of the Beaver Brook mine by HNC should ensure a stable demand for the company's antimony concentrate. Currently, work is proceeding to upgrade throughput at the mill to 450 tonnes per day. The expected life of the mine is approximately 10 years.

Exploration

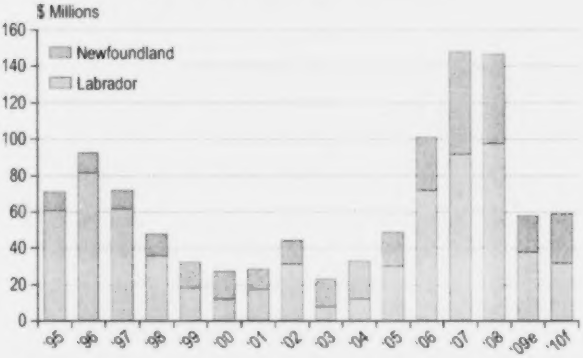
Exploration expenditures declined in 2009 after several years at unprecedented levels. Expenditures rose to a record level of $148 million in 2007 and remained historically high in 2008 at $146 million as a result of strong commodity markets. However, as a result of the worldwide recession and financial crisis, expenditures declined to $58 million in 2009. About 66% of mineral exploration expenditures last year were invested in projects in Labrador, with the remainder being spent on the Island.

Exploration in Labrador has focused on three main commodities: iron ore, uranium and nickel. The economic downturn and its impact on prices and project funding substantially reduced exploration

for uranium and nickel in 2009, however, several iron ore projects continue to advance and there is new interest in rare-earth metals in Central Labrador.

On the Island, exploration emphasis was primarily on base metals and gold in Central and Western Newfoundland. Higher resource estimates were produced for Thundermin Resources and Cornerstone Resources' Little Deer copper project and Creston Moly Corp.'s Moly Brook molybdenum property. In addition, Northern Abitibi Mining Corp. continued to expand the mineralized zones at its Viking gold property, reporting two new areas of high-grade gold mineralization.

Mineral Exploration Expenditures



e: estimate; f: forecast
Source: Department of Natural Resources

New Developments

New Millennium Capital Corp. (NMCC) and Labrador Iron Mines Holdings Limited (LIM) each hold mineral claims containing high-grade iron ore in Northwestern Labrador near the Labrador/Quebec border. Both projects are on track for development this year. LIM's project has cleared the Environmental Assessment process. The total cost of the project will be determined after an engineering study—a 2008 estimate anticipated a capital cost of $30 million. The project has a target start date of mid-2010 and is expected to employ about 110 persons during operation. NMCC estimates total capital expenditures on its project of $300 million. Upon clearing environmental registration, construction of phase one of the project is expected to start in the second quarter of 2010 and end in the second quarter of 2011. The project is expected to create 188 jobs once operational.

Canada Fluorspar Inc. is proceeding to reactivate the fluorspar mines located on the Burin Peninsula. Project development includes: mining of two partially-mined underground veins; upgrades to an existing mill; construction of a tailings management facility; and a new marine terminal. The Provincial Government has committed financial assistance of $10 million for development of a deep water wharf. An Environmental Preview Report was submitted, however, revisions were required. Canada Flourspar is currently working to provide these revisions. The project is expected to generate over 350 jobs during construction and 150-190 full-time jobs during operations. The company expects construction to begin in the second half of 2010 with production commencing in the second half of 2012.

MINING OUTLOOK 2010

Demand for minerals is expected to increase and mineral prices are expected to strengthen in 2010 as the world economy continues to recover from the recession.

The value of provincial mineral shipments is expected to increase about 60% to $3.1 billion. Increases in the production of iron ore, nickel and copper, as well as higher commodity prices, are behind the anticipated rise.

Both iron ore producers are expected to increase production and recent spot prices suggest an increase in future contract prices.

The value of production at Voisey's Bay is expected to roughly double due to an increase in production and prices. This expectation could be impacted by the timing of the resolution of an ongoing strike.

Construction continues at Vale Inco's nickel processing plant in Long Harbour with site establishment and infrastructure development. This includes wharf development and the erection of buildings.

The province will invest $235,000 to complete a Minerals Strategy which will focus on expanding exploration and production activity as well as creating additional employment opportunities.

Employment in the mining industry is expected to increase by between 100–200 as a result of the rebound in mineral markets.

Exploration expenditures are expected to increase to $59 million.

Rambler Metals Canada Ltd. continues to explore and develop the potential of mineral claims located on the Baie Verte Peninsula, including the former Ming Mine copper/gold operation. Rambler's current project scheduling suggests that production will begin by December 31, 2010 and the mine will have a seven-year life span. The company plans to process 850 tonnes of copper/gold per day and employ about 150 people at full production. Capital cost for the project is expected to be about $31 million. Sandstorm Resources of Vancouver will provide $20 million in project financing for which it is entitled to receive about 44,000 ounces (25%) of the first 175,000 ounces of gold produced by the project. Sandstone's share of any remaining gold production is 12%.

Manufacturing

Long Harbour (Dept. of Finance)

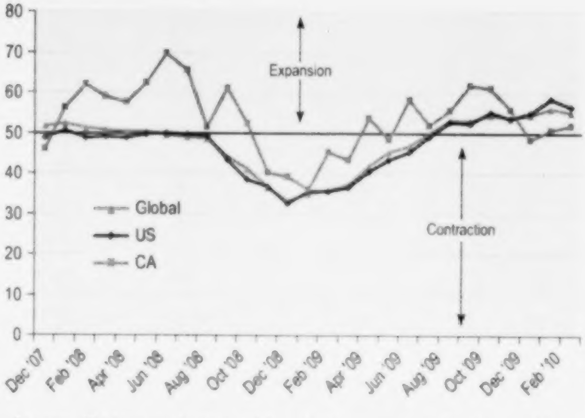
North American Manufacturing

The North American manufacturing industry has had to contend with many challenges over the past several decades. The implementation of various trade agreements increased competition by permitting entry of low-cost producers from countries such as China and India into the North American market. Furthermore, a downward shift in the demand for certain manufactured products (e.g., newsprint) has dramatically reduced output of those products in recent years.

Recessionary conditions and financial market turmoil in many countries put additional pressures on manufacturers in 2009. An appreciating Canadian dollar throughout much of 2009 placed additional pressure on domestic manufacturers as the dollar increased from an average of 80 cents US in the first quarter of 2009 to about 95 cents US in the fourth quarter of 2009.

The newsprint industry has been particularly hard hit. Newsprint consumption has declined substantially, causing newsprint producers to decrease production by closing high-cost mills and idling less efficient machines. Recessionary conditions have exacerbated the decline, which caused North American production to decrease by 28% in 2009. (See *Forestry and Agrifoods* for details).

Manufacturing PMIs



Source: JP Morgan; Institute of Supply Management; Purchasing Management Association of Canada

The North American automobile industry has been challenged by increased competition from less-expensive imported vehicles for a number of years. The recession worsened the situation as the number of automobiles sold in 2009 declined over 21% in the U.S. and more than 11% in Canada, compared to 2008.

As a result of the challenges faced by the manufacturing industry worldwide, the

Manufacturing PMIs

Manufacturing PMI (Purchasing Managers Index) surveys are conducted by JP Morgan, the Institute for Supply Management and the Purchasing Management Association of Canada. These surveys measure month-to-month changes in manufacturing activity across a range of indicators including production, new orders, deliveries, employment and inventories. The surveys record responses to questions regarding whether activities have increased, decreased or remained the same over the previous month. The responses are then weighted to create the PMI.

PMIs are considered by many economists to be a reliable indicator of the manufacturing sector and the economy as a whole in the near term.

An index below 50% means that more respondents indicated that activity has decreased over the past month, representing a contraction in the manufacturing industry. An index above 50% represents an expansion and an index value of 50% represents no change.

The further the index is away from 50% the greater the rate of change. For instance, a PMI of 65% represents a faster rate of increase than a PMI of 60% and a PMI of 40% indicates a faster rate of decrease than a PMI of 45%.

Global, U.S. and Canadian PMIs (see sidebar) were below 50% for the first half of 2009—contracting at some of the fastest rates on record (see chart). Since then, all three indices have recorded improvements and were above the neutral mark by August 2009. This trend indicates improving conditions and positive expectations for the industry in 2010.

Provincial Manufacturing

The manufacturing industry accounts for approximately 4% of GDP and 6% of total employment in the province (compared to about 14% of GDP and 11% of employment nationally). The industry is comprised of many businesses that produce a wide variety of products. The largest, in terms of output and employment, are found in food processing (mainly fish), newsprint and refined petroleum.

The value of manufacturing shipments declined significantly in 2009 as lower output volumes and prices negatively impacted value. The total value of manufacturing shipments was approximately $4.4 billion, representing a decrease of about 33% compared to 2008. Nationally, the value of manufacturing shipments fell approximately 17% last year.

Employment in the manufacturing industry also declined. Employment averaged 11,900 in 2009, representing a decrease of 2,200, or 15.6%, over 2008. Fish processing employment declined by about 800, while manufacturing employment outside of fish processing declined by about 1,400.

The fish processing industry faced many challenges in 2009. Prices for fish products

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The fish processing industry faced many challenges in 2009. Prices for fish products

were low due to deteriorating market conditions throughout much of the year. This led to a price dispute between harvesters and processors that delayed the start of the shrimp fishery—shrimp landings were down 30.1% (see *Fishery* for details). The value of manufactured fish products declined 19.3% compared to 2008.

The volume of provincial newsprint shipments also declined in 2009—down about 50% compared to 2008. The newsprint industry in the province was hit hard by the closure of the Grand Falls-Windsor mill in the first quarter of 2009. The province's remaining newsprint mill—Corner Brook Pulp & Paper—indefinitely shut down the No. 4 machine at the mill; laid off 130 workers in June; and shut down operations for two weeks in October. In February 2010, employees agreed to a temporary 10% pay cut as a way to reduce costs at the mill.

The value of refined petroleum in the province decreased significantly as a result of the decline in crude oil prices. According to Industry Canada export data, the value of refined petroleum product exports decreased by over 50% in 2009 compared to 2008. Nevertheless, investment in the province's only refinery at Come By Chance continued. A 42-day turnaround for improvements and enhancements to the refinery was completed in the second quarter of 2009 at a total cost of $47.5 million. In December 2009 Korea National Oil Corporation (KNOC) purchased Harvest Energy and, with it, acquired the Come By Chance refinery. KNOC is a state-run oil company that carries out energy projects on behalf of the Korean government.

MANUFACTURING OUTLOOK 2010

The value of manufactured products is expected to rise slightly as a result of higher prices for refined petroleum.

The manufacture of fish products is expected to continue to be challenged by weak markets. Improvement in market prices will depend on the strength of the recovery from the recession.

Newsprint production is expected to decrease approximately 10% as a result of the closure of the Grand Falls-Windsor mill and, to a lesser extent, the idling of a paper machine at the Corner Brook mill.

The manufacturing industry will continue to be challenged by a high Canadian dollar.

The continuing development of the nickel processing plant in Long Harbour will result in strong manufacturing investment for the next few years. Investment in the US$2.8 billion project will peak in 2011 and operations will begin in 2013.

Manufacturers Recent Developments

North Atlantic Refining Ltd.
- $50 million in upgrades to the refinery
- $150 million investment planned for 2010 (Come By Chance)

Argentia Metal Works Limited
- Renovating a 50,000 sq. ft. building to manufacture steel pressure containers (Argentia)

Dynamic Air Shelters
- Completed a $1.2 million expansion of existing facilities (Grand Bank)

Builders Edge Manufacturing
- Completed construction of a facility to build modular homes (Paradise)

Marport C-Tech Ltd.
- Awarded a $2.7 million contract to supply sonar system to an international naval customer (St. John's)

Atlantic Hydraulics & Machine Ltd.
- Investing $500,000 to construct a new waterfront fabrication store (Corner Brook)

Karwood Estates Inc.
- $1.5 million for construction of a water bottling plant (Paradise)

Jendore Limited
- $3.0 million expansion of an existing pipe fabrication facility (St. John's)

Northstar Networks
- Secured additional work from a $2.6 million contract to build consoles and panels for the Canadian Navy (St. John's)

As of December 2009 the company was involved in 48 projects in 17 countries. The company plans to invest $150 million at the refinery in 2010.

Investment in manufacturing activities remains relatively high. Manufacturing investment received a significant boost in 2009 due to the start of construction of the nickel processing plant in Long Harbour, as well as an increase in capital expenditures at the Come By Chance refinery.

While the bulk of manufacturing investment is concentrated in larger resource-related industries, other manufacturers (those that provide finished products to smaller, more specialized markets) have also been advancing their operations recently. Some recent developments for selected operations are described in the sidebar.

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Lower Churchill Project

Muskrat Falls, Lower Churchill Project (Nalcor Energy)

The development of the Lower Churchill Project is an exciting opportunity for Newfoundland and Labrador. Recognized as one of the best undeveloped hydroelectric resources in North America, the Project, one of Nalcor Energy's five lines of business, represents a tremendous opportunity for the production of clean, renewable and affordable energy. Combined, the Gull Island and Muskrat Falls installations will have a generating capacity of over 3,000 megawatts (MW). The Project will have the ability to displace more than 16 megatonnes of carbon dioxide emissions every year from thermal power generation—equal to taking 3.2 million vehicles off the road annually.

There have been numerous developments that signal important and significant steps on the road to the advancement of the Lower Churchill Project.

Among the developments is the finalization of the agreements contemplated in the Tshash Petapen (New Dawn) Agreement reached with the Innu Nation of Labrador. These agreements include a provincial Innu Rights Agreement, the Lower Churchill Impacts and Benefits Agreement and the Upper Churchill Redress Agreement. The agreements provide the certainty needed to move forward with project planning and further investment.

Another key aspect of the Project that continues to progress is access to both domestic and export markets. This access is essential to realize the full economic and environmental benefits of the lower Churchill development. Two market access alternatives continue to be advanced: access to the Hydro-Québec transmission system and development of a maritime transmission route. Nalcor has filed complaints with the Régie de l'énergie, Québec's independent regulator, regarding fair and reasonable access to Hydro Québec's transmission system. These complaints have been heard by the Régie and further clarity on this routing option is expected when a ruling related to Nalcor's transmission applications is announced later this year.

Helping to further set the stage for future development and growth in the province's energy sector, Nalcor has registered the Labrador-Island Transmission Link for environmental assessment. This environmental assessment is one of two related to the Project's development; in 2009 an environmental impact statement was submitted for the generation portion of the Project.

The 1,100 kilometre High-Voltage direct current (HVdc) link would provide clean, reliable and sustainable electricity by displacing fossil fuel generation at Hydro's Holyrood Generating Station. It would connect Newfoundland and Labrador to the North American electricity system and lay the groundwork for further interconnection via a potential maritime transmission link.

A significant component of the link is determining how to best transport electricity across the Strait of Belle Isle. Extensive field work was conducted in the Strait, and engineering analysis is focused on two potential methods of crossing: a combination of partial tunneling and laying cables on the ocean floor, or fully tunneling under the ocean floor. Adding to existing knowledge, the data gathered will help Nalcor better understand this geographic area to determine the most viable transmission option.

Nalcor is also preparing for future development activities outside of its field programs. An Expression of Interest (EOI) has been issued to six engineering and project management companies to determine their interest in bidding for Lower Churchill Project's detailed engineering design work. These companies are worldwide specialists in hydroelectric, transmission and civil construction. A decision is expected later in 2010.

As the Project continues to move forward, it will offer an immense amount of new opportunities for the people of the province. The focus throughout 2010 will remain on power sales and market access, as well as advancing the environmental assessment processes and further engineering.

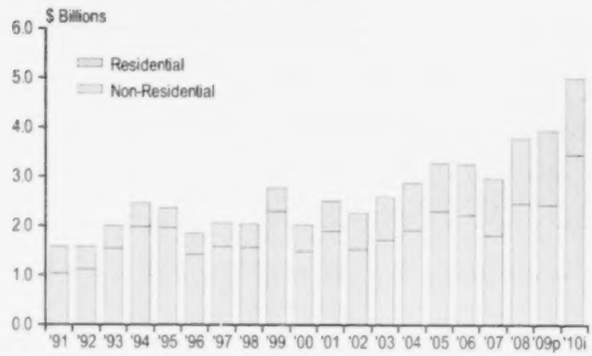
For more information on the Project, please visit *nalcorenergy.com/lowerchurchillproject*

Construction

School construction (Dept. of Finance)

The construction industry generated about 3% of the province's nominal GDP in 2008. Of this, the residential sector comprises about 40%, while the non-residential, building and engineering sector comprises about 60%. Following strong growth in 2008, construction activity in the province remained robust during 2009. This is in sharp contrast to activity throughout many provinces in Canada, as well as many developed countries throughout the world. Construction investment in Newfoundland and Labrador increased by 3.6% to $3.9 billion in 2009—an 11.4% increase in residential investment was more than enough to offset a slight decrease in non-residential construction of 0.6%.

Construction Investment



p: preliminary; i: intentions
Source: Statistics Canada

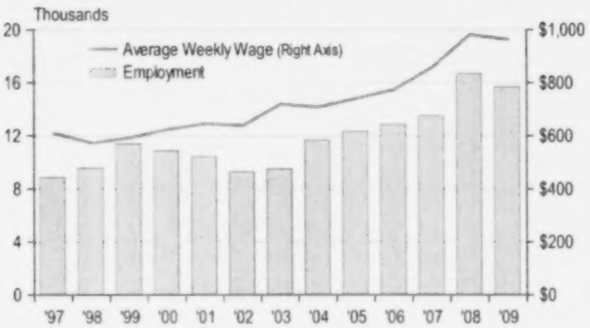
Non-Residential Construction

During 2009, non-residential construction investment decreased by 0.6% over 2008 to $2.4 billion. Although slightly lower than 2008, the level of non-residential construction remained high in a historical context (see chart). Advancement of major projects, in particular activity related to the tie-in of the White Rose North Amethyst field and construction of the nickel processing facility in Long Harbour, contributed to high levels of spending. In addition, both federal and provincial government stimulus programs contributed to increases in public sector investment. Notable increases in construction investment were recorded in categories which have a high public sector component: educational services (up 72.9%) and health care and social assistance (up 23.7%).

Residential Construction

Provincial residential construction investment increased significantly in 2009, due mainly to the robust housing market. Investment in residential construction totalled $1.5 billion, up 11.4% compared to 2008. During 2009, residential construction data indicate higher expenditures on both new dwellings (+10.1%) and renovations (+6.1%). Expenditures on new dwellings posted strong growth despite

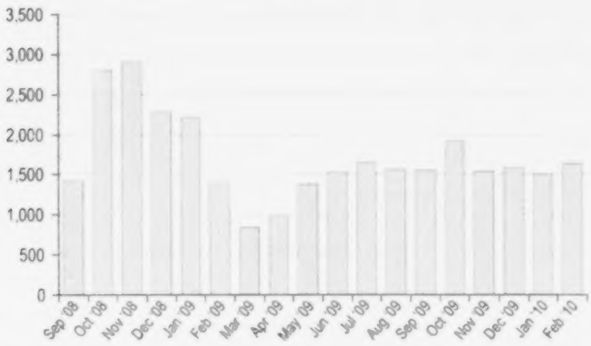
Construction Employment and Wages



Source: Statistics Canada

Alberta/Western Canada Air Charter Passengers

St. John's International Airport



Note: Includes passengers arriving and departing.
Source: St. John's International Airport Authority

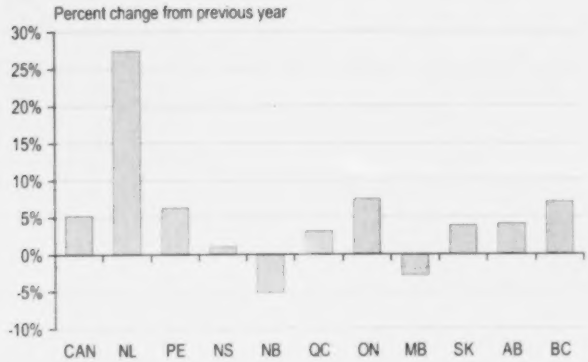
a decrease in housing starts. Total housing starts were 3,057 in 2009, representing a decrease of 6.3% compared to 2008. The strong increase in the value of new construction could be due to the combined effect of increased land and building costs, and higher priced finishings and extras demanded by purchasers (see also *Real Estate*). Renovation spending was bolstered by the Home Renovation Tax Credit and ecoENERGY Retrofit grants.

Employment and Wages

Construction employment has been trending upwards since 2002 (see chart) reflecting strong activity both locally and nationally. However, after six consecutive years of growth, construction employment declined by 6.0% to 15,700 in 2009. It is believed that a considerable portion of this provincial employment decline is due to a drop in the employment of workers who live in the province and commute to construction-related jobs outside the province, in particular Western Canada. The chart on the left offers some evidence of this belief. Air charter passengers at the airport in St. John's departing for and arriving from Alberta and other parts of Western Canada recently peaked in late 2008, before reaching a trough in March 2009. By June 2009, the number of passengers had increased somewhat, and since this period has remained fairly stable, hovering around 1,500 per month.

After recording an increase of 14.5% during 2008, average weekly earnings for the construction industry were down 1.8% during 2009. This is in contrast to national performance, where average weekly earnings for the construction industry were up 3.8% during 2009.

Construction Investment Intentions
2010



Source: Statistics Canada

Construction investment is expected to post a strong performance during 2010, increasing by 27.5% to $5.0 billion. This is the strongest expectation among provinces. Nationally, construction investment is expected to increase by 5.1%.

Non-residential construction spending is expected to increase by 42.4% to $3.4 billion. This increase in non-residential construction activity is related to the nickel processing facility in Long Harbour, additional government infrastructure spending, and higher investment in the oil and gas industry.

Residential spending is expected to increase by 3.5% to $1.55 billion, due to continued gains in new home construction.

Housing starts are expected to increase by 1.5% to 3,102.

Construction employment is expected to rebound in 2010 as increased investment and activity locally and in Alberta should increase the demand for workers in the construction industry.

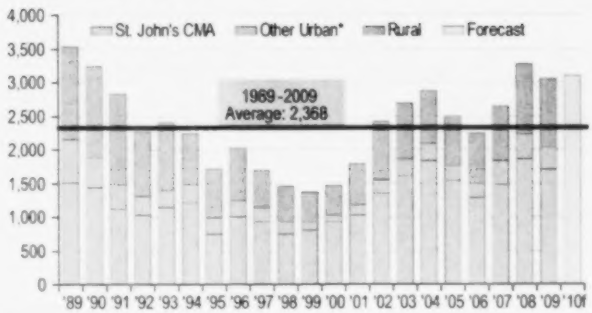
Almost $21 billion in project spending is planned or underway in the province according to the inventory of Major Capital Projects.

Real Estate

House for sale, Brigus (Dept. of Finance)

The residential real estate market remained robust throughout 2009. Strong demand for housing was fuelled by a number of conditions including: low interest rates; developments regarding future major projects; growth in household formation; and the continuation of strong economic fundamentals despite the global economic downturn. In 2009, new and resale house prices increased and the rental market experienced lower vacancy rates and higher rents.

Housing Starts



f: forecast
* Includes Census Agglomerations: Carbonear (to 1991), Bay Roberts, Corner Brook, Gander, Grand Falls-Windsor, Labrador City.

Source: Canada Mortgage and Housing Corporation; Department of Finance

Housing Starts

Housing starts totalled 3,057 units in 2009, down 6.3% compared to the recent high of 3,261 in 2008. While housing starts were lower than the previous year, the level was relatively high in a historical context and performance was much better than nationally, where housing starts decreased by 29.4%. Urban housing starts were down 9.3% to 2,022 units (about two-thirds of the market) and rural starts were up 0.3% to 1,035 units compared to 2008. As illustrated in the chart, in recent years housing starts have fluctuated but have remained above the 1989 to 2009 average.

New Home Prices

New home prices have increased dramatically in recent years. During the 10-year period between 1997 and 2007, the New Housing Price Index (NHPI) for Newfoundland and Labrador increased 36.3%, or an average of 3.6% per year (see table). However, since 2007, new home prices in Newfoundland and Labrador increased by 33.3%, with a 19.6% increase in 2008 followed by an 11.5% increase in 2009. The increase over the last two years was the largest cumulative increase observed in Canada, followed by Saskatchewan (21.6%), Manitoba (13.0%) and Nova Scotia (9.1%).

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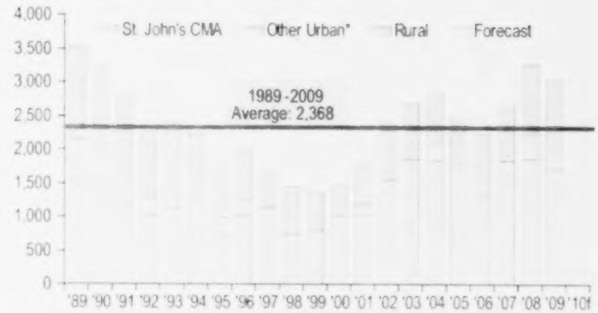

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Residential Sales and Prices

The number of residential properties sold in the province dipped somewhat in 2009 following several years of strong growth. The Canadian Real Estate Association's (CREA) Multiple Listing Service® (MLS®) is the most widely used real estate listing service for homes in Canada and is very popular in most urban areas.

The number of residential properties sold in Newfoundland and Labrador through the MLS® system increased substantially in recent years from 3,211 units in 2005 to a record 4,695 units in 2008, an increase of 46%. The number of residential properties sold in the province through the MLS® system decreased 5.9% to 4,416 in 2009 as demand softened slightly but remained historically high. Sales are expected to increase in 2010 as favourable market conditions, including low mortgage rates and solid consumer confidence, will continue to encourage market participation, particularly first-time home buyers. During the first two months of 2010 residential sales were up 27.1% over the same period in 2009.

As a result of strong demand in recent years, average residential housing prices have increased. Since 2007, the average MLS® residential price in Newfoundland and Labrador increased 38.3% from $149,258 in 2007 to $206,374 in 2009. This increase represented the largest MLS® residential price increase in Canada over that time period. Newfoundland and Labrador is now the sixth highest priced market in Canada compared to eighth place just two years ago.

New Home Price Index (NHPI)

Percent Change

	1997-2007	2008	2009
CA	52.9%	3.4%	-2.3%
NL	36.3%	19.6%	11.5%
PE	18.0%	1.4%	0.9%
NS	38.0%	7.9%	1.1%
NB	13.9%	2.5%	3.3%
QC	53.3%	5.0%	3.1%
ON	41.1%	3.5%	0.1%
MB	61.5%	10.2%	2.5%
SK	88.7%	23.3%	-1.4%
AB	145.9%	0.7%	-8.9%
BC	20.5%	2.1%	-6.5%

Source: Statistics Canada

Residential MLS® Average Price

	2007	2009	2010f	2007-09
CA	$305,822	$320,333	$337,500	4.7%
BC	$439,119	$465,725	$485,500	6.1%
AB	$356,235	$341,201	$357,300	-4.2%
ON	$299,544	$318,366	$332,700	6.3%
SK	$174,405	$233,695	$242,500	34.0%
QC	$202,895	$225,412	$240,500	11.1%
NL	$149,258	$206,374	$222,300	38.3%
MB	$169,189	$201,343	$210,300	19.0%
NS	$180,989	$196,690	$200,900	8.7%
NB	$136,603	$154,906	$159,400	13.4%
PE	$133,457	$146,044	$149,900	9.4%

Source: Canadian Real Estate Association (CREA)

Residential Sales and Prices

The number of residential properties sold in the province dipped somewhat in 2009 following several years of strong growth. The Canadian Real Estate Association's (CREA) Multiple Listing Service® (MLS®) is the most widely used real estate listing service for homes in Canada and is very popular in most urban areas.

The number of residential properties sold in Newfoundland and Labrador through the MLS® system increased substantially in recent years from 3,211 units in 2005 to a record 4,695 units in 2008, an increase of 46%. The number of residential properties sold in the province through the MLS® system decreased 5.9% to 4,416 in 2009 as demand softened slightly but remained historically high. Sales are expected to increase in 2010 as favourable market conditions, including low mortgage rates and solid consumer confidence, will continue to encourage market participation, particularly first-time home buyers. During the first two months of 2010 residential sales were up 27.1% over the same period in 2009.

As a result of strong demand in recent years, average residential housing prices have increased. Since 2007, the average MLS® residential price in Newfoundland and Labrador increased 38.3% from $149,258 in 2007 to $206,374 in 2009. This increase represented the largest MLS® residential price increase in Canada over that time period. Newfoundland and Labrador is now the sixth highest priced market in Canada compared to eighth place just two years ago.

New Home Price Index (NHPI)

Percent Change

	1997-2007	2008	2009
CA	52.9%	3.4%	-2.3%
NL	36.3%	19.6%	11.5%
PE	18.0%	1.4%	0.9%
NS	38.0%	7.9%	1.1%
NB	13.9%	2.5%	3.3%
QC	53.3%	5.0%	3.1%
ON	41.1%	3.5%	0.1%
MB	61.5%	10.2%	2.5%
SK	88.7%	23.3%	-1.4%
AB	145.9%	0.7%	-8.9%
BC	20.5%	2.1%	-6.5%

Source: Statistics Canada

Residential MLS® Average Price

	2007	2009	2010f	2007-09
CA	$305,822	$320,333	$337,500	4.7%
BC	$439,119	$465,725	$485,500	6.1%
AB	$356,235	$341,201	$357,300	-4.2%
ON	$299,544	$318,366	$332,700	6.3%
SK	$174,405	$233,695	$242,500	34.0%
QC	$202,895	$225,412	$240,500	11.1%
NL	$149,258	$206,374	$222,300	38.3%
MB	$169,189	$201,343	$210,300	19.0%
NS	$180,989	$196,690	$200,900	8.7%
NB	$136,603	$154,906	$159,400	13.4%
PE	$133,457	$146,044	$149,900	9.4%

Source: Canadian Real Estate Association (CREA)

REAL ESTATE OUTLOOK 2010

The residential real estate market is expected to remain strong during 2010.

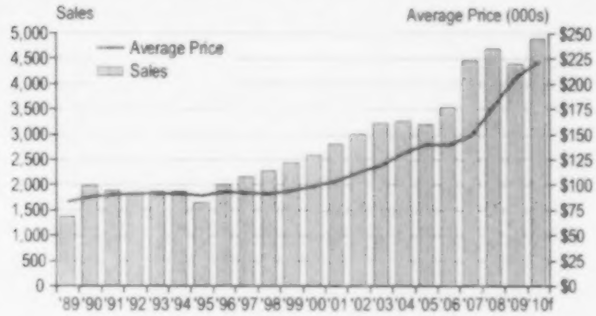
Total housing starts are expected to reach 3,102 units in 2010, an increase of 1.5% from 2009.

The number of residential properties sold in the province through the MLS® system are expected to increase reflecting favourable market conditions.

Newfoundland and Labrador is expected to lead Canada in residential price growth in 2010, with the average residential price projected to increase 7.7% to $222,300.

Interest rates are expected to rise but remain low from a historical perspective throughout 2010.

Residential MLS® Sales and Average Price



f forecast
Source: Canadian Real Estate Association (CREA)

In the St. John's Census Metropolitan Area (CMA) the average MLS® residential price increased 16.7% last year (from $187,571 in 2008 to $218,862 in 2009). During the first two months of 2010 average residential prices continued rising. Residential prices in both the province and the St. John's CMA were up between 17%–18% over the same period in 2009.

Rental Market

Residential rental vacancy rates are at or near historical lows throughout Newfoundland and Labrador, having decreased from a high of 15.4% in 1997 to just 1.0% in 2009. During 2009, vacancy rates were lowest in Corner Brook (0.4%) followed by the St. John's CMA (0.9%), Gander (1.6%), and Grand Falls-Windsor (1.7%). Despite low vacancy rates, rents remain the lowest in Canada but are rising. In 2009, the average monthly rent for a two-bedroom apartment in Newfoundland and Labrador was $634, up from $596 in 2008. It is expected that improved market conditions will continue to place upward pressure on rents over the next few years.

Travel and Tourism

Kayakers in Gros Morne National Park
(Newfoundland and Labrador Tourism / Wayne Barrett)

Global and National Performance

Travel and tourism worldwide were negatively impacted by the global recession in 2009. International tourist traffic (arrivals) throughout the world declined by about 4%, with almost all regions posting declines. Travel fell for 14 straight months before increasing in the last three months of 2009, suggesting the worst may be over.

The Canadian tourism industry was also hit hard by the recession, particularly the international tourism segment. Trips by international visitors to Canada (same day and overnight) totalled about 25 million for the year, down 9.8% over 2008. Overnight trips totalled 15.8 million, down 7.8% for the period. Trips were down from virtually all major countries, reflecting the decline in economic activity, H1N1 concerns and more stringent documentation requirements for travellers. Furthermore, the Canadian dollar gained strength during the year, eroding the attractiveness of travel to Canada for U.S. visitors. Expenditure data indicates that international visitors spent $11.4 billion during the first three quarters of last year, down 9.8% from the same period in 2008.

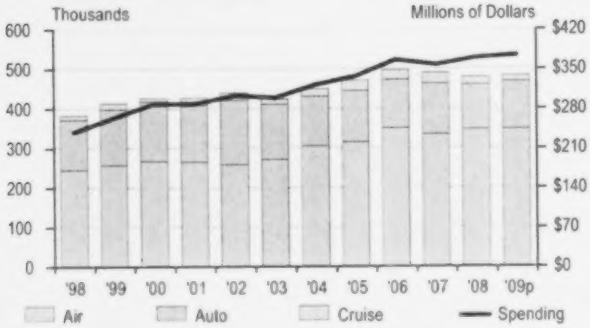
Domestic travel yielded mixed results, with trips up but spending down. Preliminary data indicates that the number of same day and overnight trips within Canada by Canadians increased by 4.6% during the first three quarters of the year. However, Canadians spent less on domestic travel—spending declined by more than 3% compared with the same period in 2008. Lower prices for gasoline and reduced room rates were behind much of the decline in domestic spending.

Provincial Travel and Tourism

The Newfoundland and Labrador tourism industry performed better than expected in 2009, bucking global and national trends. The number of non-resident visitors (air, automobile and cruise) to the province in 2009 was 483,200, an increase of 0.7% over 2008. Additional visitors arriving by airline and automobile were more than enough to offset a drop in cruise ship visitors. Overall, estimated spending was $375 million, up 1.4%.

Non-Resident Travel and Tourism Visitors and Spending

By Mode of Transportation



p: preliminary
Source: Department of Tourism, Culture and Recreation

Non-resident visitation to the province grew substantially over the past decade, mostly due to visitors arriving by airline. Air travel is by far the largest segment of the province's non-resident tourism sector, accounting for 72% of visitors and 80% of spending in 2009. The number of non-resident air travellers reached 348,300 in 2009, up by 0.6% over 2008. On a regional basis, increased activity at the St. John's International Airport was responsible for the growth, reflecting, in part, more flights from other Canadian destinations. Spending by non-resident air visitors also recorded an increase—up 0.9% relative to 2008.

The number of non-resident automobile visitors also increased in 2009. The number of auto visitors totalled 118,700, an increase of 4.0% over 2008. This growth mainly reflected an increase in visitors from the province's primary target markets—the Maritimes (+3.3%), Ontario (+7.8%) and Quebec (+14.8%). Non-resident automobile visitors spent $73.6 million in 2009, representing a 4.2% increase over the previous year. The solid performance in auto visitors last year occurred despite challenges with the ferry link to Nova Scotia. Ferry services recorded a number of setbacks last year, particularly during the peak season, including vessel breakdown and schedule delays associated with the commissioning of the new ferry MV *Atlantic Vision*.

Scheduled cruise ship visitations for 2009 were higher than the previous year, however, weather related cancellations reduced the number of cruise ship port calls to 107, down 29.6% from the 152 recorded in 2008. The number of non-resident cruise visitors[3] decreased about 18% to 16,200. Overall, cruise ships visited 35 different ports around the province.

The resident travel and tourism market is a substantial component of the province's tourism sector, representing 56% of total travel and tourism spending in 2008. Preliminary estimates indicate that residents took 2.3 million trips within the province during the first nine months of 2009, up from 2.0 million during the same period in 2008. However, overall spending declined by a modest 1.2% to $352 million during the period, reflecting, in part, lower gasoline prices and more inexpensive trips to friends and relatives.

[3] This figure is a Department of Tourism, Culture and Recreation estimate based on a review of itinerary information. This estimate counts passengers only once regardless of the number of ports visited. This should be distinguished from "cruise ship passenger visits", which is the industry standard, whereby passengers are counted at each port call made by their vessel. In 2009, cruise ship passenger visits totalled 24,828, a decrease of 23.2% over 2008 levels.

CANADA'S MUSIC AWARDS

The province will get a unique opportunity to promote its culture and tourism in April 2010 when the JUNOs return to St. John's. During Ruckus on the Edge and JUNO Week (April 12-18) a number of events are planned to showcase the province's musical talent. The week of activity will culminate in the live broadcast of the 2010 JUNO Awards on Sunday, April 18. The JUNOs were last held in the city in 2002. Thousands of visitors are expected in the region and the awards show will be broadcast on a national network to an expected audience of 1.5 million people.

When the JUNO Awards were held in the province in 2002 it was estimated that JUNO-related expenditures generated about \$2 million in GDP, including spin-offs. Additionally, millions of dollars in media coverage promoted the province as a tourism destination—a further \$25 million in GDP, including spin-offs, was anticipated from increased future tourism.

Ruckus ON THE **Edge**

St. John's, Newfoundland & Labrador

Occupancy rates point to a relatively good year for the accommodation industry. Rates reached 48.3% for 2009, an increase of 0.4 percentage points over 2008. Gains in occupancy rates on the Avalon (+1.0 percentage point), Burin/Bonavista (+4.3) and Western (+0.5) regions offset declines elsewhere. PKF Consulting, which provides occupancy rates for major urban markets nationally, reported that St. John's was one of only three cities in the country to record an increase in year-over-year occupancy rates in 2009. This increase in room rental activity in St. John's is believed to be associated with travel activity outside the convention/meeting market, which recorded a decline in 2009.

Major meeting and convention room rental activity within the St. John's area was lower in 2009 than in the previous year, despite an increase in the number of conventions/meetings/events. While the year started strong with room bookings above 2008 levels, the economic downturn and H1N1 fears resulted in cancellations and reduced attendance. The room nights used by major meeting and convention delegates (those booking 50 or more guest rooms per night) was approximately 36,500 last year, compared with 42,000 in 2008. The number of conventions/meetings/events held during 2009 was 90, up from 78 in 2008.

Employment in the tourism industries (industries that provide key services to tourists) averaged 22,700 in 2009, up 1,800 (8.8%) from the same period in 2008. Increased employment in transportation; recreation and entertainment; travel services; and accommodation more than offset a decline in employment in food and beverage services.

TRAVEL AND TOURISM

OUTLOOK 2010

Worldwide tourism is expected to rebound in 2010 from low levels observed in 2009. International tourist arrivals are expected to increase by between 3% and 4% in 2010.

The Conference Board of Canada's Canadian Tourism Research Institute expects total overnight visits in the province (international and domestic combined) to increase 1.3% in 2010.

The outlook for air access is positive with new daily flights being added within the province and to Halifax, and the re-establishment of seasonal, daily flights to the United Kingdom.

There are over 170 port calls tentatively booked for the 2010 cruise season, well ahead of bookings during the same period in 2009. This is expected to increase as more itineraries are released by cruise firms.

The recent allocation of $175 million for improvements in the ferry service linking Newfoundland and Nova Scotia in the federal budget bodes well for future automobile visitations by tourists.

The 2010 JUNO Awards will provide a valuable promotional opportunity to the province's tourism sector, as well as current and future economic benefits.

The industry will benefit from the 400th anniversary celebration of the founding of Cupers Cove Colony (i.e., Cupids), the first English colony in Canada. The 2010 celebration will include historical reenactments, an international conference and various festivals and events culminating in a week of activities August 17-22.

Anticipated growth in provincial employment and personal disposable income, coupled with solid consumer confidence, bode well for resident tourism in 2010.

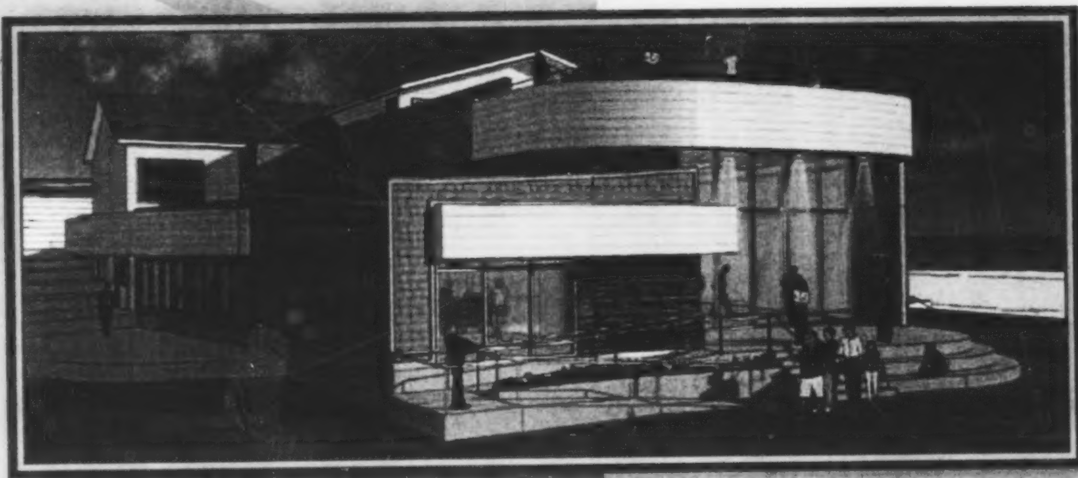
Artist's Rendition — Ronald McDonald House (Neville Mills)

Inventory of Major Capital Projects

The inventory of major projects provides information on capital projects and spending programs in Newfoundland and Labrador valued at $1 million or more. The list includes both public[1] and private projects that are either continuing or beginning in the current year. In many cases, the capital spending figure quoted includes spending from previous years. The inventory was prepared between January and March 2010.

According to this year's inventory, almost $21 billion in major capital spending is planned or underway in the province. The Mining, Oil and Gas category tops the list at about $13 billion (see the table). The Hebron oil project is the single largest item in the category with a total estimated cost ranging between

[1] Readers will note that in some project descriptions government is identified as a source of funding. This reference, in most cases is based on information provided by the project's proponent and should not be interpreted as an announcement by government of funding approval. Readers should also note that while every effort has been made to identify projects and research information, this list is not exhaustive. The information was gathered at one point in time and in some cases protecting the requested confidentiality of information has prohibited the publishing of projects. Readers should not base investment or business decisions on the information provided.



Artist's Rendition — Cupids Legacy Centre, Cupids (Cupids 400 Inc.)

Major Projects ($ Millions)

Mining and Oil & Gas	13,030.1
Industrial/Manufacturing	2,999.6
Residential	1,150.2
Transportation	945.8
Municipal Infrastructure	759.7
Health Care/Personal Care	705.6
Education	325.0
Other Investment	304.3
Tourism/Culture/Recreation	203.4
Utilities	146.5
Agriculture/Fishery/Forestry	91.0
Commercial	80.2
Total	**20,741.4**

Note: Some projects contain ranges for their capital cost. In these cases, the mid-point of the range was used in the summations above. Capital costs for some projects were not available. As a result, their cost is not reflected in the table above.

$7 to $11 billion over the life of the project. Industrial/Manufacturing is the second largest expenditure category in the listing—the estimated US$2.8 billion nickel processing facility at Long Harbour is the major activity behind expenditures in this category. Public sector spending is also significant in the listing as evidenced by figures in categories such as Transportation, Municipal Infrastructure, Health Care/Personal Care and Education.

This major project listing is available on the Economic Research and Analysis Division's website (www.economics.gov.nl.ca) in a searchable database. The online database includes search capabilities by Industry, Community and Economic Zone. As well, there is a feature which allows readers to help identify projects for future lists.

*Projects containing public funding have start and end dates denoted on a fiscal year basis (e.g., start/end denoted as 2010 refers to the project starting and ending in fiscal year 2010-11; start/end denoted as 2010/2011 refers to the project starting in fiscal year 2010-11 and ending in fiscal year 2011-12). All other years are reported on a calendar year basis.

TBD: To be determined
NA: Not available

Inventory of Major Capital Projects

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Agriculture/Fishery/Forestry				
Aquaculture Investment	18.0	2010/2011	13, 9	Northern Harvest Sea Farms - expenditures in support of salmon farming operations and a hatchery. Approximately $12.0 million of the expenditures are for the hatchery project and $6.0 million for the marine improvements. $1 million in ACOA funding. (Connaigre Peninsula, Stephenville)
Aquatic Veterinary Diagnostic Facility*	8.8	2009/2011	13	Construction of a facility to enable diagnostic testing of farmed fish. Provincial funds. (St. Alban's)
Cod Demonstration Farm*	8.5	2009/2012	13	Collaboration of private (Cooke Aquaculture) and public sector (federal/provincial) funds to commercialize cod aquaculture. (Connaigre Peninsula)
Cranberry Industry Investment	5.8	2009/2011	12	Town of Grand Falls-Windsor - pre-commercial expansion of industry capacity in the Exploits region, including the development of 120 additional acres of production. Partial federal/provincial funding. (Grand Falls-Windsor)
Forest and Agriculture Access Roads*	5.9	2010/2010	Various	Construction of access roads on Crown land. Provincial funds. (Various)
Four-Site Salmon Aquaculture Operation	16.0	2009/NA	13	Gray Aqua Group Ltd. - establishment of a four-site salmon aquaculture operation. The province will provide a loan guarantee of $6.8 million under the Aquaculture Working Capital Loan Guarantee Initiative and an equity investment of $1 million under the Aquaculture Capital Equity Investment Program. Partial funding from ACOA. (Bay d'Espoir)
Harbour Development*	18.0	2010/2010	Various	Fisheries and Oceans Canada - Small Craft Harbours program. An ongoing program consisting of fishing harbour repairs, maintenance and development. Federal funds. (Various)
Wharves	10.0	2009/2010	13	Construction of four wharves for the aquaculture industry. Provincial funds. (Pool's Cove, Hermitage, Harbour Breton, Belloram)
Commercial				
Building Renovation and Expansion	45.0 - 50.0	2010/2012	19	East Port Properties Limited - demolition of a former department store in downtown St. John's and construction of a new building that will include 150,000 sq. ft. in office space as well as 480 parking spaces. (St. John's)
Building Renovations	2.8	2010/2010	19	RONA/Chester Dawe Limited - renovations to a retail store located on O'Leary Avenue. (St. John's)
Commercial Building	1.5	2010/2010	19	Chimo Construction Management Ltd. - construction of a 13,700 sq. ft. building for a retail drug store and medical clinic. (St. John's)
Commercial Building	3.0	2010/2011	19	Fort William Properties Limited - construction of a new two-storey Lawtons drug store and medical clinic. (St. John's)

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Commercial Building	1.7	2009/2010	19	Roley Construction Ltd./Newfoundland Energy Services Limited - construction of a 14,000 sq. ft. mixed development building located on the corner of Major's Path and Torbay Road. (St. John's)
Commercial Development	NA	2010/2010	14	Kent Building Supplies a subsidiary of J.D. Irving Limited - construction of a 40,000 sq. ft. home improvement store. (Gander)
Grocery Store	12.0	2010/2011	3	Labrador Investments Ltd. - construction of a 50,000 sq. ft. private grocery store. (Happy Valley-Goose Bay)
Industrial Land Site	1.7	2010/2010	19	Fort William Properties Limited - road, water and sewer development of White Hills Road to create an industrial park. (St. John's)
Retail Space Expansion	10.0	2010/2010	16	N.D. Dobbin Limited - construction of a 50,000 sq. ft. retail space adjacent to the "Peninsula Mall". (Marystown)

Education

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Academic Building Annex*	27.0	2009/2011	8	Construction of an annex at Sir Wilfred Grenfell College. Expenditures for fiscal year 2010/11 are $18.7 million. Provincial/federal funds. (Corner Brook)
Campus Maintenance*	7.2	2010/2010	8, 19	Annual maintenance of various Memorial University of Newfoundland buildings including laboratory upgrades. Provincial funds. (Corner Brook, St. John's)
College Building*	22.2	2009/2011	2	Construction of a new College of the North Atlantic building. Provincial/federal funds. (Labrador City)
College Extension*	5.5	2010/2011	12	College of the North Atlantic - construction of an extension for trades training. Provincial and federal funds. (Grand Falls-Windsor)
Collision Avoidance System Development	1.2	2009/2012	19	Memorial University of Newfoundland - the RAVEN II program develops sense and avoid technology for small unmanned aircraft systems with a view to commercial applications. Funding partners include: ACOA, Provincial Aerospace Limited, Natural Science and Engineering Research Council, Research & Development Corporation and Defense Research and Development Canada. Total project cost is $5.6 million, of which $1.2 million is capital. (St. John's)
Exterior Building Renovation and Ventilation Upgrade*	6.0	2009/2011	19	Exterior building renovation and ventilation upgrade at the Seal Cove campus of the College of the North Atlantic. Provincial/federal funds. (Conception Bay South)
Learning Centre Upgrades/Renovations*	1.9	2010/2010	3	Renovations and upgrades to North West River Learning Centre, used by Memorial University of Newfoundland and College of the North Atlantic. Federal funds. (North West River)
Replacement and Upgrade to Simulators	2.2	2010/2011	19	Marine Institute of Memorial University of Newfoundland - replacement of the navigation simulator and upgrading of the engine room simulator. Provincial/federal funds. (St. John's)

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Residences*	133.8	2008/2015	8, 19	Construction of new student residences at Sir Wilfred Grenfell College and Memorial University of Newfoundland, St. John's Campus. Projected maximum expenditures of $25.5 million for the 2010/11 fiscal year. Provincial funds. (Corner Brook, St. John's)
Roof Remediation and Ventilation Upgrade*	4.5	2009/2011	19	Roof remediation and ventilation upgrade at the Prince Philip Drive campus of the College of the North Atlantic. Provincial/federal funds. (St. John's)
School Construction and Renovations*	113.5	2010/2010	Various	Various activities including new school construction, renovations, extensions, and major maintenance projects. Provincial funds. (Various)

Health Care/Personal Care

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Cancer Centre Expansion*	2.4	2009/2010	19	Expansion of the Dr. H. Bliss Murphy Cancer Centre for additional clinic and office space. Provincial funds. (St. John's)
Centre for Clinical Research*	5.0	2007/2010	19	Construction of two additional floors on the Janeway Hostel to allow for advanced clinical research and training. Provincial contribution of $3.2 million. (St. John's)
Diagnostic Imaging Space*	12.0	2009/2012	19	Construction of space to accommodate a new Positron Emission Tomography (PET) Scanner. Provincial funds. (St. John's)
Emergency Department Redevelopment*	2.4	2009/2010	19	Redevelopment of the Emergency Department at St. Clare's Hospital. Provincial funds. (St. John's)
Faculty of Medicine Expansion*	19.9	2009/2012	19	Expansion to the existing Faculty of Medicine at Memorial University of Newfoundland to accommodate an increase from 60 to 80 students and enhancement to programs. Provincial funds. (St. John's)
Forensic and Developmentally Delayed Units Redevelopment*	15.0	2007/2013	19	Renovations and redevelopment of the forensic and developmentally delayed units at the Waterford Hospital site. Provincial funds. (St. John's)
Health Care Facilities*	81.6	2010/2010	Various	Expenditures for renovations and upgrades to existing health facilities. Includes $50 million for equipment purchases. Provincial funds. (Various)
Health Centre*	90.0	2007/2013	2	Construction of a new Labrador West Health Centre to replace the existing Captain William Jackman Memorial Hospital. Also includes space for community based health services. Provincial funds. (Labrador City)
Health Centre*	7.0	2007/2012	6	Construction of a new health centre to replace the existing Strait of Belle Isle Health Centre. Provincial funds. (Flower's Cove)
Hospital Redevelopment*	30.1	2009/2013	12	Renovations and redevelopment of the Central Newfoundland Regional Health Centre. Provincial funds. (Grand Falls-Windsor)
Hospital Redevelopment*	15.7	2006/2011	14	Redevelopment of space in the old wing at James Paton Memorial Hospital. Provincial funds. (Gander)
Hospital*	TBD	2008/2015	8	Construction of a new regional hospital to replace the existing Western Memorial Regional Hospital. Provincial funds. (Corner Brook)

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Long-Term Care Home and Ambulatory Care Redevelopment*	108.2	2009/2014	17	Construction of a new long-term care home and funding for the redevelopment of the ambulatory care area at Carbonear General Hospital. Provincial funds. (Carbonear)
Long-Term Care Home and Protective Care Residences*	68.5	2005/2010	8	New long-term care home with 236 beds including a 16 bed protective care unit, 4 protective care residences with 10 beds each to accommodate residents with mild and moderate dementia, as well as teaching and research space for Sir Wilfred Grenfell College. Provincial funds. (Corner Brook)
Long-Term Care Home*	29.9	2006/2012	14	Construction of new spaces for 63 residents and redevelopment of the existing long-term care home. Provincial funds. (Lewisporte)
Long-Term Care Home*	20.0	2007/2010	3	Construction of a 50 bed long-term care home. Building design contains flexibility to expand to 72 beds and will accommodate residents of the existing Paddon Home. Provincial funds. (Happy Valley-Goose Bay)
Long-Term Care Home*	150.0	2008/2013	19	Construction of a new long-term care home to replace the existing Hoyles Escasoni Complex. Provincial funds. (St. John's)
Parking Garage*	16.6	2009/2011	19	Construction of a new parking garage at the Health Sciences Complex. Provincial funds. (St. John's)
Redevelopment of Hospitals*	TBD	2008/2015	19	Renovations and redevelopment of hospitals in St. John's. Provincial funds. (St. John's)
Research Centre*	TBD	2009/2011	19	Construction of an interdisciplinary research centre in human genetics at Memorial University of Newfoundland. $16.8 million is provincial contribution to total project cost (which was not available at the time of publication). (St. John's)
Ronald McDonald House	4.5	2010/2011	19	Ronald McDonald House of Newfoundland and Labrador Inc. - the building will be specifically designed to provide a home environment for sick children, their siblings and their parents who live in other regions of the province. The structure will contain approximately 17,000 sq. ft. of living space and will consist of 14 units. Provincial contribution of $500,000. (St. John's)
Treatment Centre for Children and Youth with Complex Needs*	5.0	2009/2011	19	Construction of a new residential treatment centre for children and youth with complex needs. Provincial funds. (St. John's)
Treatment Centre for Youth Addictions*	5.0	2009/2011	12	Construction of a new residential treatment centre for youth addictions. Provincial funds. (Grand Falls-Windsor)

Industrial/Manufacturing

Building Renovation	1.2	2009/2010	10	Town of Channel-Port aux Basques - conversion and renovation of a former fish processing facility to an industrial space. Federal, provincial and municipal funds. (Channel-Port aux Basques)
Capital Expenditures	150.0	2010/2010	15	North Atlantic Refining Ltd. - projects to improve efficiency at the refinery. (Come By Chance)

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Capital Expenditures	3.0	2007/2012	16	High Liner Foods Incorporated - expenditures at the Burin facility and in research and development. (Burin)
Facility Expansion	3.0	2010/2010	19	Jendore Limited - expansion of an existing pipe fabrication facility. $500,000 in ACOA funding. (St. John's)
Improvement of Fish Processing Facilities and Vessels	2.0	2010/2010	Various	Ocean Choice International Inc. - improvements to fish plants and vessels. (Various)
Manufacturing Facility	10.0	2010/2011	18	Argentia Metal Works Limited - facility will manufacture specialized steel pressure containers to supply the resource industries. An existing 50,000 sq. ft. building will be renovated for the facility. $4 million provincial contribution from the Business Attraction Fund. (Argentia)
Nickel Processing Facility	2,821.0 (US$)	2009/2013	18	Vale Inco Newfoundland and Labrador Limited - construction of a nickel processing facility with an annual capacity of 50,000 tonnes of finished nickel. Capital expenditures of US$441 million expected in 2010. (Long Harbour)
Paper Mill Expenditures	4.7	2010/2010	8	Corner Brook Pulp and Paper Limited - routine capital and forest access road expenditures. (Corner Brook)
Trailer Repair Facility	3.2	2009/2010	19	Reefer Repair Services Limited - construction of a new 30,000 sq. ft. facility for repair and maintenance to refrigeration units mounted on sea going containers, trucks and tractor-trailers. (Mount Pearl)
Water Bottling Plant	1.5	2009/2010	19	Karwood Estates Inc. - construction of a water bottling plant. (Paradise)

Mining and Oil & Gas

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Dam Repair	5.0	2010/2010	12	Repairs to the tailings dam at the former Buchans mine. Provincial funds. (Buchans)
Direct-Shipping Iron Ore Project	300.0	2010/2012	2	New Millennium Capital Corp. - reopening of former iron ore mines including the construction of a wash plant, railroad extension, camp facility and power plant. Approximately 75% of the $300 million project cost will be spent in Newfoundland and Labrador with the remaining slated for Quebec. Project is currently in the environmental assessment approval stage. Projected expenditures for 2010 are $100 million. (Elross Lake Area)
Equipment Purchases and Upgrades	1.3	2010/2010	12	Beaver Brook Antimony Mine Inc. - equipment purchases and upgrades. (Central Newfoundland)
Facility Upgrade	3.1	2010/2010	2	Wabush Mines - structural repairs to the plant and upgrade to the #10 conveyor. (Wabush)

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Hebron Oil Development	7,000.0-11,000.0	2008/2042	NA	ExxonMobil and partners - development of the Hebron oil field. The Hebron project, located approximately 350 kilometres offshore, is a joint venture among ExxonMobil Canada, Chevron Canada, Suncor, StatoilHydro Canada and Nalcor Energy - Oil and Gas. The Hebron field is estimated to contain 581 million barrels of recoverable reserves. Construction of the Gravity Based Structure is expected to start in 2012 and production of oil is expected to begin in 2017. Expenditures cover all capital costs over the life of the project. (Offshore Newfoundland)
Hibernia Southern Extension	NA	2009/2013	Various	ExxonMobil and partners - development to enable the production of an additional 215 million barrels of oil. Production will include drilling from the existing Hibernia GBS as well as sub-sea drilling. (Offshore Newfoundland)
Mill Upgrade and Expansion	2.7	2009/2010	11	Anaconda Mining Inc. - upgrade and expansion to the Pine Cove gold milling infrastructure. (Near Baie Verte)
Mine Reactivation	31.0	2010/2010	11	Rambler Metals Canada Ltd. - reactivation of the former Ming copper-gold mine. (Baie Verte Peninsula)
Mine Reactivation	NA	2010/2012	16	Canada Fluorspar (NL) Inc.- reactivation of the former fluorspar mine will include underground mine development of previously mined veins, upgrades to an existing mill, construction of a tailings management facility, and construction of a new marine terminal including a 250 metre long deep water wharf. Provincial repayable contribution of $10 million towards wharf. (St. Lawrence)
Mine Reactivation	30.0	2010/2010	2	Labrador Iron Mines Holdings Limited - Phase I of a two-phased open pit iron ore mining project. The capital cost estimate was reported in environmental registration documents dated April 2008. (Western Labrador)
Mineral Exploration	59.0	2010/2010	Various	Expenditure estimates prepared by the Department of Natural Resources for mineral exploration and deposit appraisal. Regional breakdown: $32 million in Labrador and $27 million for the Island. (Various)
Oil Related Capital Expenditures	66.0	2010/2010	Various	Suncor Energy Inc. and partners - development and sustaining capital for the Terra Nova oil field. (Offshore Newfoundland)
Onshore Oil Exploration	20.0	2010/2010	7	Nalcor Energy - Oil and Gas and partners - drilling of three exploration wells in the Parsons Pond area. The first well, dubbed Seamus #1, was spudded in mid-February using the Stoneham Rig 11. (Parsons Pond)
Onshore Oil Exploration	12.0	2010/2010	9	Vulcan Minerals Inc. and Investcan Energy Corporation - joint venture to test gas wells, conduct seismic work, and drill in the Bay St. George Basin. (Bay St. George Basin)
White Rose Expansion	3,500.0	2008/NA	NA	Husky Energy Inc. - development of three White Rose satellite fields. Plans for 2010 include first oil North Amethyst and advancement of the first phase of West White Rose (initial production expected in early 2011). Husky Energy has a 68.875% share in the expansion project, Suncor has a 26.125% share and Nalcor Energy - Oil and Gas has an equity ownership of 5%. (Offshore Newfoundland)

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Municipal Infrastructure				
Building Canada Fund - Communities and Base Component*	197.2	2009/2015	Various	Program to assist municipalities in improving infrastructure. Federal/provincial/municipal cost-shared. Total cost excludes funding for Recreation Complex in Mount Pearl. (Various)
Building Canada Fund - Top-up and Stimulus Components*	122.1	2009/2010	Various	Program to assist municipalities in improving infrastructure. Federal/provincial/municipal cost-shared. Total cost excludes funding for Fire Hall in Gander. (Various)
Canada/Newfoundland and Labrador Municipal Rural Infrastructure Fund (MRIF)*	95.9	2006/2013	Various	Investment in municipal and rural infrastructure projects. These projects will focus on the renewal, expansion and construction of new community infrastructure. Federal/provincial/municipal cost-shared program. Total cost excludes funding for YMCA building in St. John's. (Various)
Downtown Development	3.9	2010/2010	12	Town of Grand Falls-Windsor - maintenance and revitalization of the downtown area. $2.0 million in ACOA funding, $1.5 million in provincial funds and $0.42 million in municipal funding. (Grand Falls-Windsor)
Federal Gas Tax Program*	207.1	2006/2014	Various	Funding agreement allocating municipalities' revenues from gas taxes. These funds are to be invested in capital projects which result in environmentally sustainable municipal infrastructure. This program also supports the Provincial Solid Waste Management Strategy. Federal funds. (Various)
Fire Hall	5.0	2010/2011	14	Town of Gander - construction of a new Fire Hall. (Gander)
Municipal Capital Works Program*	77.3	2010/2010	Various	Program to assist municipalities in construction of local infrastructure. Cost-sharing varies with each project, however, the province's total cost is estimated at $64.3 million and municipalities are expected to contribute $13.0 million. This program includes construction of the new city hall in Corner Brook. The province's contribution includes $17.4 million for the Provincial Solid Waste Management Strategy. (Various)
Water and Sewage Treatment Facilities (Canada Strategic Infrastructure Fund II)*	51.2	2009/2012	8, 3	Two projects, the Corner Brook Water Treatment Facility and the Happy Valley-Goose Bay Sewage Treatment Facility. Cost-shared equally by three levels of government - federal, provincial and municipal. (Corner Brook, Happy Valley-Goose Bay)
Residential				
Affordable Housing Program*	55.5	2003/2011	Various	Newfoundland and Labrador Housing Corporation - the objective of this program is to increase the supply of affordable housing in Newfoundland and Labrador by providing forgivable loan funding to assist in the creation of new affordable rental housing. Federal/provincial cost-shared. (Various)
Affordable Housing Trust*	20.8	2006/2010	Various	Newfoundland and Labrador Housing Corporation - investments to increase the supply of affordable housing including transitional and supportive housing. $6.5 million remains to be spent in 2010/11. Federal funds. (Various)

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Apartment Renovations	2.0	2010/2010	14, 19	Northern Property Real Estate Investment Trust - capital improvements and upgrades on various apartment buildings. (Gander, St. John's)
Community Development	250.0	2009/2014	19	Cynergy Executive Properties Limited - construction of a mixed commercial and residential (555 dwelling units) community along the north side of Blackmarsh Road named 'The Hillside'. The development will include a mixture of condominiums, executive town homes, single homes, walking trails and commercial and retail space. Phase 1A, beginning in 2010, will include 51 single homes at a cost of $31.0 million. Capital costs are rough approximations. (Mount Pearl)
Community Development	NA	2010/NA	19	Canada Lands Company - redevelopment of the Pleasantville area into a residential community with a mix of housing types including single family dwellings, townhomes, apartments, and condominiums. Opportunities for some commercial space is also being considered. In total, approximately 960 dwelling units are planned. Some information current as of November 2008. (St. John's)
Condominium Development	12.0	2008/2010	19	52164 Newfoundland and Labrador Limited - construction of 'The Narrows', a four-story, 32-condominium building located on Duckworth Street. (St. John's)
Condominium Development	14.0	2008/2013	8	Bayview Estates Inc. - development of a 50 unit building called 'Bayview Condominiums'. (Corner Brook)
Condominium Development	4.0	2009/2010	2	Colby Management Inc. - construction of 22 condominiums. (Wabush)
Condominium Development	10.0	2010/2012	19	Powder House Hill Investments Limited - construction of six four-storey condominium buildings each containing eight units, located on the former Standard Manufacturing site at 2-18 Water Street. (St. John's)
Housing Development	200.0	2000/2015	19	Cabot Development Corporation Ltd. - construction of a housing development that will consist of 900 homes, named "Clovelly Trails". There are 250 homes remaining with projected expenditures of $81.0 million. (St. John's)
Modernization & Improvements*	29.0	2010/2010	Various	Newfoundland and Labrador Housing Corporation - planned improvements to social housing stock. Federal/provincial funds. (Various)
Property Development	20.0	2010/2013	19	Powder House Hill Investments Limited - construction of a three-phased mixed development located on Duckworth Street. The first phase involves a parking garage for about 360 vehicles, the second, 16 residential condominium units built in a four-storey structure and the third, construction of a four-storey office building. (St. John's)
Provincial Home Repair Program*	12.9	2010/2010	Various	Newfoundland and Labrador Housing Corporation - a combination grant/loan program to aid low income households with home repairs. Federal/provincial funds. (Various)

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Residential Development	7.0-8.0	2007/2010	19	Southcott Homes Limited - construction of a residential development on the former General Hospital site on Forest Road. Plans call for 6 townhouse-style condominiums, 5 single family detached homes, and 25 townhouses on Forest Road. (St. John's)
Senior Community Development	3.0	2009/2014	11	Riverside Properties Inc. - a three phased independent living project which includes the construction of four quadplexes, one fiveplex for a total of 21 units and private condominiums containing 16 units for the use of senior citizens. Partially funded by Newfoundland and Labrador Housing Corporation. (Baie Verte)
Seniors' Condominium Development	7.0	2010/2011	19	KARA Investments Ltd. - construction of a seniors' condominium located off Park Avenue. The development will consist of 10 buildings with a total of 45 units. (Mount Pearl)
Seniors' Residential Complex	150.0	2010/2015	19	55731 Newfoundland & Labrador Inc. - development of Stage 2 - Tiffany Village Seniors' Residential Complex. Will consist of the redevelopment of the existing former Salvation Army training college for amenities and services associated with the complex and construction of four ten storey residential buildings containing approximately 240 living units in total. (St. John's)
Subdivision Development	6.5	2010/2011	8	52453 Newfoundland and Labrador Limited - construction of Phase II of 'Pratt Street Extension' subdivision. This phase will consist of the development and construction of 24 units. (Corner Brook)
Subdivision Development	15.5	2010/2010	19	Karwood Estates Inc. - 45 houses are scheduled to be constructed for the 'Blueberry Creek' and 'Sunset Gardens' subdivisions in 2010. The project started in 2009 and is expected to have approximately 545 houses with completion in 2013. (Paradise)
Subdivision Development	14.5	2010/2013	8	Marine Contractors Limited - construction of Phase III of 'Bells Brook Estates' subdivision. 40 lots will be developed in total. (Corner Brook)
Subdivision Development	120.0	2004/2014	19	Modern Homes Limited - development of "Kenmount Terrace" subdivision. Construction of 800 homes. Phases I, II, III, IV and V have been completed. A total of 100 homes will be constructed in Phases VI and VII in 2010 at an estimated cost of $20 million. Capital cost estimate by Department of Finance. (St. John's)
Subdivision Development	35.0	2006/2010	19	Reardon Construction & Development Ltd. - construction of 176 homes as part of the "River Bend" housing development. (St. John's)
Subdivision Development	50.0	2008/2013	19	Ellsworth Estates Inc. - development of "Thomas Estates" subdivision. 200 homes will be constructed for this subdivision. Currently in Phase II, with construction of 68 homes expected in 2010. (Paradise)
Subdivision Development	53.0	2007/2014	19	William Doyle and Associates Limited - development of a subdivision that will consist of 200 single homes, named "City View Terrace". There are 150 homes remaining at an overall cost of approximately $40 million. Currently in Phase III, with construction of 60 homes planned for 2010. (St. John's)

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Subdivision Development	40.0	2006/2013	19	Cardinal Homes Ltd. - construction of a subdivision that will consist of 200 single homes, named "Pearl View Subdivision". Construction is over 50% complete. (Mount Pearl)
Subdivision Development	15.0	2010/2013	19	Donovan Homes Limited - construction of a 64 lot subdivision located on Mount Carson Avenue. $5.0 million will be spent this year in servicing the land. (Mount Pearl)
Subdivision Site Development	3.0	2010/2012	14	Wareham Developments Ltd. - underground infrastructure and land development for a 59 lot residential subdivision called "Phase 18 North East Land Development". (Gander)

Tourism/Culture/Recreation

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Arts and Culture Centres*	3.2	2006/2010	Various	Renovation and repairs to various Arts and Culture Centres throughout the province. Projected expenditures for the 2010/11 fiscal year are $750,000. Provincial funds. (Various)
Bridge Replacement and Renovations*	3.6	2010/2010	Various	The replacement of and renovations to various bridges across the province located within the T'Railway Provincial Park. Provincial funds. (Various)
Building Restoration Phase II*	2.5	2010/2010	19	The Colonial Building and grounds are to be restored for use as an interpretation centre, featuring the political history of Newfoundland and Labrador and as office space for government staff and provincial heritage organizations. Phase II will largely address replacement of the roof of the building. Provincial funds. (St. John's)
Historic Premises Restoration	2.7	2009/2010	15	Sir William Ford Coaker Heritage Foundation Inc. - restoration of a former retail store and salt fish plant. Canada's Original Iceberg Water Corporation will donate $300,000 to the project. Includes $1.7 million contribution from ACOA, $250,000 from the Labour Market Development Agreement, as well as some provincial funding. (Port Union)
Hotel	10.0	2008/2010	8	Pacrim Hospitality Services Inc. - construction of an 85 room hotel adjacent to the Trans Canada Highway. Will include meeting rooms, an indoor pool and a water slide. (Deer Lake)
Hotel Renovation	10.0	2009/2011	19	Fortis Properties Corporation – renovations to the Sheraton Hotel Newfoundland. The renovated hotel will consist of 301 guest rooms and a 16,000 sq. ft. conference space. (St. John's)
Indoor Soccer Facility	7.2	2008/2010	19	Avalon Sports Inc. - construction of an indoor soccer facility. The structure will be 214 feet wide by 336 feet long. It will house a regulation-size soccer field with a synthetic surface. (St. John's)
Interpretation Centre	5.0	2009/2010	17	Cupids 400 Inc. - construction of an interpretation centre, a family history/genealogy resource centre, an archaeology lab, a gift shop and a multi-purpose hall. Capital cost includes construction of building, exhibit design (interpretative plan, fabrication and installation) and site development. Projected contributions - provincial government $3.5 million and federal government $1.5 million. (Cupids)

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Recreation Complex	45.0	2009/2011	19	City of Mount Pearl - the complex will be constructed in two phases. Construction of a national standard ice pad adjoining the Glacier Arena is planned to be completed by August 2010. Expansion to the existing Reid Community Centre including a multi-use 350 seat theatre; development of a fitness/wellness space; construction of a new aquatics/leisure pool; and construction of a new youth centre are planned to be completed by November 2011. Municipal funding of $35.6 million with the remainder cost-shared between the provincial and federal governments. (Mount Pearl)
Recreational Infrastructure Expenditures	23.3	2009/2010	Various	A federal program to build and renew community recreational facilities across the country. This program is known as Recreational Infrastructure Canada and has an overall federal funding allocation of $500 million for all projects across the country. Federal/ provincial/municipal cost-shared program. (Various)
Regional Museums*	2.4	2006/2010	Various	Spending on renovations and improvements to regional museums in the province. Provincial and federal funds. (Various)
Resort Development	40.0-50.0	2004/2015	7	Eastern Arm Enterprises Limited - development of "Gros Morne Resort". Will include a 220 room hotel, 110 site RV park, marina, day park, hiking trails, 27 hole golf course, gas station, convenience store and more. (St. Paul's)
Resort Renovation and Expansion	10.0-15.0	2010/NA	15	King George Properties Inc. - conversion of existing Terra Nova Resort hotel rooms into suites and the construction of several condominiums, a recreation centre and indoor pool. (Port Blandford)
Tourism Infrastructure	16.0	2009/2011	14	Shorefast Foundation - includes a world renowned artist residency program (including remote studio locations and restored traditional homes to be used as artist residences) and a five-star inn that features a conference centre, an art gallery and heritage library. There will also be performance spaces and festivals for all cultural events. Funding includes $5 million each from both federal and provincial governments. (Fogo Island, Change Islands)
YMCA Building	15.0	2009/2011	19	YMCA-YWCA of Northeast Avalon - construction of a new YMCA building. Contributions include $1.5 million from the City of St. John's and $3.0 million in federal/provincial funding. (St. John's)

Transportation

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Bus Terminal	34.2	2010/2012	19	City of St. John's - construction of a new Metrobus terminal. Federal/municipal funds. (St. John's)
Conception Bay South Bypass Extension*	14.4	2010/2012	19	Construction of bypass road extension. Funded between the federal and provincial governments. Projected expenditure for 2010/11 fiscal year is $7.5 million. (Conception Bay South)
Deer Lake Airport	9.0	2009/2010	8	Deer Lake Regional Airport Authority Inc. - extension to runway. Federal/provincial/authority funds. (Deer Lake)

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Ferry Service Improvements*	175.0	2010/2011	10, 18	Marine Atlantic Inc. - funding allocated to renew fleet and shore facilities and improve the ferry service linking the Island of Newfoundland and the Canadian mainland. Federal funds. (Channel-Port aux Basques, Argentia)
Highway and Bridge Improvements*	30.9	2010/2010	Various	Various highway and bridge improvement projects. Federal/provincial cost-shared on a 50/50 basis. (Various)
Marine Infrastructure*	5.0	2010/2010	Various	Includes ongoing maintenance of existing wharves and terminals as well as capital investment in new construction and improvements. Provincial funds. (Various)
Municipal Transportation Related Improvements	2.7	2008/2010	8	City of Corner Brook - construction of bicycle lanes on roads, a bus transfer station and replacement of bus shelters. Federal funds. (Corner Brook)
National Highway Systems Projects*	68.0	2010/2010	Various	Program to allow improvements to roads on the National Highway System, primarily on the Trans Canada Highway. Funded under the Base Funding Agreement and Core National Highway component of the Building Canada Fund, as well as the Major Infrastructure Agreement. Federal/provincial cost-shared on a 50/50 basis. (Various)
Provincial Roads Improvement Program*	33.1	2010/2010	Various	Includes secondary road improvement projects in various parts of the province. Provincial funds. (Various)
Railway Line	100.0	2009/2010	2	Consolidated Thompson Iron Ore Mines Ltd. - a new 31 km railway line to connect the Bloom Lake iron ore mines loading facilities to an existing railway line. (Various)
Torbay Bypass Road*	20.0	2009/2010	19	Construction of the Torbay Bypass Road. Federal/ Provincial cost-shared. (Torbay)
Trans Labrador Highway Phase I Surfacing*	230.0-260.0	2007/2012	2, 3	Application of hard surface on Phase I of Trans Labrador Highway from Happy Valley-Goose Bay to Wabush. Expenditures for 2010/11 are $78.3 million. Funding for this project is split between federal and provincial governments. (Various)
Trans Labrador Highway Phase III*	138.0	2004/2010	3, 4	Construction of the Trans Labrador Highway from Cartwright to Happy Valley-Goose Bay. Projected expenditures of $10.3 million for the 2010/11 fiscal year. Provincial funds. (Various)
Vessel Refits*	12.5	2010/2010	Various	Includes refits of the existing fleet of 10 government-owned vessels. Provincial funds. (Various)
Vessel Replacement Program*	55.0	2010/2010	Various	2010/11 cash flow for vessel replacement program. Provincial funds. (Various)
Weigh Scales Facility*	3.0	2010/2010	2	Establishment of a weigh scales facility along the Trans Labrador Highway. Provincial funds. (Trans Labrador Highway)

Project	Capital Cost ($M)	Start/ End	Zone	Comments (Location)
Utilities				
Electric Utility Capital Expenditures	19.0	2010/2010	2	Churchill Falls (Labrador) Corporation - capital expenditures for improvements and upgrades. (Churchill Falls)
Electric Utility Capital Program	64.7	2010/2010	Various	Newfoundland Power Inc. - includes capital expenditures to further upgrade and enhance electricity system. (Various)
Electric Utility Capital Program	52.8	2010/2010	Various	Newfoundland and Labrador Hydro - capital programs which include upgrades and improvements to transmission lines, distribution systems, and generating facilities. (Various)
Wind/Hydrogen/Diesel Generation	10.0	2007/2010	9	Newfoundland and Labrador Hydro - integration of a wind power project with hydrogen and diesel generation for remote communities. Includes partial funding through ACOA and provincial government. (Ramea)
Other Investment				
Building Redevelopment*	50.0	2008/2012	19	Royal Newfoundland Constabulary - redevelopment of RNC Headquarters at Fort Townsend in St. John's. The work will include upgrades to the headquarters building and the annex. The gymnasium will be converted into four floors of office space, the headquarter entrance and foyer will be expanded, and the underground link between the annex and main building will be completed. Projected expenditure for the 2010/11 fiscal year is $15.9 million. Provincial funds. (St. John's)
Building Renovations	4.0	2010/2011	19	Vera Perlin Society Inc. - renovations and expansion to the Perlin Centre. (St. John's)
Capital Program*	2.5	2010/2010	Various	Royal Canadian Mounted Police - replacement and renovation of various detachment buildings as well as construction of new employee housing units and a new detachment building in Springdale. (Various)
Environmental Remediation*	106.0	1996/2011	18	Public Works and Government Services Canada - environmental remediation of the former U.S. Naval Base. Planned expenditure for the 2010/11 year is $5.0 million. Federal funds. (Argentia)
Environmental Remediation/Demolition*	7.1	2010/2013	Various	Environmental remediation and/or demolition of vacant public buildings. Provincial funds. (Various)
Multi-Purpose Facility	101.0	2010/2013	19	Government of Canada - construction of a new facility to replace current military units in Pleasantville. Facility will be comprised of operational training space, offices and classrooms, special medical and dental facilities and warehouse space. Capital cost estimate as of February 2009. Federal funds. (St. John's)
Public Buildings*	33.7	2010/2010	Various	Maintenance and development of public buildings. Provincial funds. (Various)

GDP and Employment

	Gross Domestic Product		Employment	
	2008e		2009	
	$ Millions	% of Total	Person Years, 000s	% of Total
Goods-Producing Sector	**18,175.5**	**61.4%**	**45.2**	**21.0%**
Agriculture	59.9	0.2%	0.8	0.4%
Forestry & Logging	100.0	0.3%	0.5	0.2%
Fishing, Hunting & Trapping	188.8	0.6%	5.6	2.6%
Mining	3,402.4	11.5%	3.3	1.5%
Oil Extraction and Support Activities*	11,731.0	39.6%	5.2	2.4%
Manufacturing	1,105.9	3.7%	11.9	5.5%
Fish Products	249.8	0.8%	4.7	2.2%
Other	856.1	2.9%	7.2	3.4%
Construction	841.6	2.8%	15.7	7.3%
Utilities	745.9	2.5%	2.1	1.0%
Services-Producing Sector	**11,449.6**	**38.6%**	**169.7**	**79.0%**
Wholesale Trade	650.5	2.2%	5.2	2.4%
Retail Trade	1,127.4	3.8%	29.6	13.8%
Transportation and Warehousing	690.1	2.3%	11.7	5.4%
Finance, Insurance, Real Estate & Business Support Services	2,714.8	9.2%	14.5	6.7%
Professional, Scientific & Technical Services	504.7	1.7%	7.7	3.6%
Educational Services	1,087.0	3.7%	17.3	8.1%
Health Care & Social Assistance	1,599.2	5.4%	34.6	16.1%
Information, Culture & Recreation	667.0	2.3%	8.8	4.1%
Accommodation & Food Services	376.2	1.3%	13.1	6.1%
Public Administration	1,575.0	5.3%	16.9	7.9%
Other Services	457.7	1.5%	10.3	4.8%
Total, All Industries	**29,625.0**	**100.0%**	**214.9**	**100.0%**

e: estimate, Department of Finance

*Includes support activities for mining and oil and gas

Note: GDP is expressed at basic prices, measuring payments made to the owners of factor inputs in production. This differs from GDP at market prices. The difference is attributable to taxes less subsidies on products. Industry components may not sum to total due to independent rounding.

Source: Statistics Canada; Department of Finance